

2022

ACFR



Annual Comprehensive Financial Report Rochester City School District

131 West Broad Street
Rochester, New York 14614

A Component Unit of the City of Rochester, New York
Fiscal Year Ended June 30, 2022

Annual Comprehensive Financial Report

**Rochester City School District
131 West Broad Street
Rochester, New York 14614**

**A Component Unit of the City of
Rochester, New York**

**For the Fiscal
Year Ended June 30, 2022**

Prepared by:

Department of Accounting

**Rochester City School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

TABLE OF CONTENTS

Page

INTRODUCTION SECTION

Transmittal Letter	1-7
List of Rochester City School District Officials.....	8
Rochester City School District Organizational Chart.....	9

FINANCIAL SECTION

Independent Auditor’s Report	11-13
Management’s Discussion and Analysis	14-29
Basic Financial Statements (<i>the notes to the financial statements are an integral part of the Basic Financial Statements</i>):	
Government-Wide Financial Statements:	
Statement of Net Position	31
Statement of Activities.....	32
Fund Financial Statements:	
Balance Sheet, Governmental Funds	33-34
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position.....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	37-38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Fiduciary Fund Statements:	
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position	41
Notes to the Financial Statements	42-69
Required Supplementary Information:	
Schedule of District Contributions – New York State Employees’ and Teachers’ Retirement System Pension Plans – Last Ten Fiscal Years	71
Schedule of District’s Proportionate Share of Retirement System Pension Plans – Last Eight Fiscal Years	72
Schedule of Changes in the District’s Total OPEB Related Liability and Related Ratios – Last Five Fiscal Years.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) – General Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) – Special Aid Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) – School Food Service Fund.....	76
Note to the Required Supplementary Information.....	77
Internal Control and Compliance:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79-80

**Rochester City School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

TABLE OF CONTENTS

	Page
<u>STATISTICAL SECTION</u>	
Net Position by Component – Last Ten Fiscal Years	84
Changes in Net Position - Governmental Activities – Last Ten Fiscal Years	85-86
Fund Balances - Governmental Funds – Last Ten Fiscal Years	87-88
Changes in Fund Balances - Governmental Funds – Last Ten Fiscal Years	89-90
Assessed Value and Estimated Actual Value of Taxable Real Property – Last Ten Fiscal Years	91
Property Tax Rate per Thousand, Direct and Overlapping Governments – Last Ten Fiscal Years	92
Principal Property Taxpayers – Current Fiscal Year and Nine Years Prior	93
City of Rochester Property Tax Levies and Collections – Last Ten Fiscal Years	94
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	95
Ratios of General Debt Outstanding – Last Ten Fiscal Years	96
Direct and Overlapping Debt as of June 30, 2022	97
Legal Debt Margin Information – Last Ten Fiscal Years	98
Pledged-Revenue Coverage – Last Ten Fiscal Years	99
Demographic Economic Statistics – Rochester Metropolitan Area – Last Ten Fiscal Years	100
Principal Ten Employers in the Rochester Area – Current Year and Nine Years Prior	101
Budgeted Full-Time Equivalent District Employees by Function – Last Ten Fiscal Years	102
Operating Statistics – Last Ten Fiscal Years	103
Operating Statistics – Continuing Disclosure Compliance – Last Ten Fiscal Years	104
School Building Information – Last Ten Fiscal Years	105-106
<u>STUDENT ACTIVITY FUNDS</u>	
Independent Auditor’s Report on the Extraclassroom Activity Funds	109-110
Assets, Liabilities and Net Assets - Cash Basis	111
Statement of Cash Receipts and Disbursements	112
Notes to the Financial Statements	113

THIS PAGE INTENTIONALLY LEFT BLANK

Introduction





Rochester City School District

Interim Superintendent of Schools

Dr. Carmine Peluso

December 22, 2022

Ms. Cynthia Elliott, President
Board of Education
Rochester City School District
Rochester, New York 14614

Dear President Elliott, Board Members, and Citizens of the City of Rochester, New York:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Rochester City School District (District) for the year ended June 30, 2022. The ACFR was prepared by the District's Department of Accounting and is management's representation of the District's finances. Management assumes full responsibility for the completeness and reliability of the information presented. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the District's assets. The District's comprehensive framework has been designed so that the cost of internal controls does not outweigh the benefits of such controls. Therefore, they provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The controls provide the District the ability to prepare the financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America. We assert that, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

The District's financial statements have been audited by Freed Maxick, CPAs, PC an independent, certified public accounting firm. The purpose of an independent audit is to express an opinion as to whether the financial statements are fairly stated in all material respects. The independent auditor's report is presented in the financial section of this report and renders an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2022. The financial section also includes the Management's Discussion and Analysis (MD&A). The MD&A provides users with an introduction, overview and analysis of the basic financial statements contained in this ACFR.

PROFILE OF THE REPORTING ENTITY

The mission of the District and the Board of Education is to foster students' individual talents and abilities in a nurturing environment of equity. The District partners with families, caregivers, and the Rochester community to prepare students to work towards meeting or exceeding NYS standards, to become lifelong learners, productive members of the workforce, and responsible, contributing citizens. We provide a full range of educational services to grade levels pre-kindergarten through 12. Services include regular and enriched academic education, special education for students with disabilities, Careers in Technical

Education (CTE), individualized programs, school-to-work programs, and partnerships with higher education. Programs are supplemented by a wide variety of offerings in the arts, music, and athletics. In addition, services are provided for adults, such as basic education, high school equivalency, continuing education, course offerings for non-English speaking adults, and employment preparation. For the 2021-22 school year, the District reported the following enrollments: 2,655 pre-kindergarten (Pre-K), 15,204 elementary (K-8) and 7,048 secondary (9-12), for a total of 24,907 students.

Students within the geographical boundaries of the District may elect to attend charter schools, a type of public school. New York State Charter School Law passed by the legislature in December 1998 allows for the issuance of a charter to a new school or an existing public school that applies for charter status. The charter is granted for up to five years, with a renewal option thereafter. Charter schools are overseen by public authorities, yet operate with a great deal of flexibility as independent, not-for-profit, educational entities.

The statute requires that the District pay a prescribed amount to the charter school for each resident pupil enrolled that is equivalent to the State approved operating expense per pupil of the public school district. The statute also requires that the District pay to the charter school any State or Federal aid that is attributable to students with disabilities who are receiving special education services from the charter school. Charter school tuition payments totaling approximately \$99.9 million for 6,752 students were made from the District's General operating fund during the 2021-22 fiscal year. There were fourteen schools that received payments during the 2021-22 fiscal year. Three additional charter schools are expected to open in 2022-23: Citizenship & Science Academy of Rochester, Rochester Academy of Science and Genesee Community-Flour City. Projected charter school enrollment for 2022-23 is estimated to be 7,434 students.

On February 11, 2015, the New York State Education Department (NYSED) delivered its final approval to the plan and budget for the University of Rochester to serve as the Educational Partnership Organization (EPO) for East High School beginning on July 1, 2015 to June 30, 2020. This plan has been extended by the NYSED through June 30, 2025. The University entered into this partnership at the request of the Board of Education in an effort to meet State requirements for restructuring persistently struggling, low-performing schools.

With the implementation of the Every Student Succeeds Act in the 2018-19 school year, changes made to the accountability system resulted in multiple changes in accountability for RCSD schools. As of June 30, 2022, the District supports twelve schools that have been identified by the NYSED as "Receivership" schools: Dr. Walter Cooper Academy School No. 10, John Walton Spencer School No. 16, Dr. Charles T. Lunsford School No. 19, Henry Hudson School No. 28, John James Audubon School No. 33, Wilson Foundation Academy, Edison Career and Technology High School, East High School, East Lower School, James Monroe High School, Northeast High School and Leadership Academy for Young Men which closed in 2022-23.

Turnaround efforts for Receivership schools guided by the Superintendent as Receiver, resulted in a targeted system of intensive supports and additional resources from the State. The NYSED will review the status of each school's Demonstrable Improvement Indicators at the conclusion of the 2021-22 school year and provide a determination for each school to continue under the Superintendent as Receiver or place the school under control of an Independent Receiver.

At the conclusion of the 2022-23 school year, NYSED has proposed a plan to restart the federally required accountability system. In the proposed plan, ESSA calculations will be utilized based on 2021-22 school year results to determine the accountability status of schools. The restart of the accountability system will be the first opportunity since the COVID-19 pandemic for schools to be removed from Receivership.

The District's financial statements are included in the financial statements of the City of Rochester (the City) as a discretely presented component unit. The District's Board of Education governs the public schools, and members are elected independent of the City Council. The District is dependent upon the City to contract bonded indebtedness and to levy taxes on its behalf. The City's Charter states how the allocation of revenue and debt-incurring power between the City and the District will be conducted. The terms of this section of the Charter are as follows:

1. The City shall provide to the District the sum of one hundred nineteen million one hundred thousand dollars (\$119,100,000) for operational purposes.
2. The limitation of nine percent (9%) for indebtedness, as set forth in § 4 of Article VIII of the Constitution of the State of New York, shall be allocated on the basis of five and one-half percent (5-1/2%) for municipal indebtedness as determined by the City Council and three and one-half percent (3-1/2%) for indebtedness for educational purposes as determined by the Board of Education.
3. The Board of Education shall, upon the date set by law and Charter, submit to the Mayor of the City an itemized budget for the ensuing fiscal year whose expenditures shall not exceed revenues provided by the above distribution, plus revenues estimated to be allocated to the District by the state or federal government.
4. The annual budget of the District submitted by the Board of Education shall contain an amount for cash capital of at least ten million dollars (\$10,000,000).

The District's financial statements include the financial statements of the Rochester Joint School Construction Board (RJSCB) as a blended component unit. The RJSCB is authorized by the State of New York, Chapter 416 of the Laws of 2007 to undertake construction projects associated with school modernization. The RJSCB is dependent on the District to provide funding for these projects. The majority of the project costs are reimbursed with State Aid; however, any amounts not reimbursed through State aid are funded from the District's budget.

The District's 2021-22 budget allocated funds to schools using the School Centric Budgeting process. This process begins with the construction of the budget based upon comprehensive funding and staffing projections for all school budget cost centers. Funding levels for instructional and operational support services, not directly provided in schools, complete the District's budget. A Board approved budget was submitted to the Mayor and City Council for the fiscal year beginning on July 1, 2021 and ending on June 30, 2022.

The budget contains the comprehensive school budget cost centers for all schools in the District and general fund monies utilized to augment capital project budgets. A separate capital fund budget exists for the District's Capital Improvement Program (CIP). The CIP budget document accompanies the District's annual budget and is provided to the City for adoption each June.

Legal spending control for District funds is at the fund level, but management control must be exercised at budgetary line item levels within each fund. The fund level is the total amount budgeted for a fund plus revenues in excess of the originally adopted budget and the fund's unreserved balance. The Board of Education authorizes management to make transfers between the various budgetary line items in any fund within the fund level, with the exception of the General fund. In accordance with Policy 6150, adopted February 25, 2021, all General fund transfers in excess of \$500,000 require prior Board of Education approval.

ECONOMIC CONDITIONS AND OUTLOOK OF THE REPORTING ENTITY

Local Economic Status and Forecast¹

Despite embracing a full school reopening for the entire 2021-22 school year, the District continues to struggle with the implications of the ongoing global pandemic, such as student learning-loss, the increased demand for social and emotional support, and staff shortages (i.e. teachers, bus drivers, para-professionals, food service). Such pandemic-related challenges are being met with several sources of Federal relief which will be utilized into fiscal year 2023-24 to address these and other pandemic related concerns.

When the pandemic struck Rochester in early 2020, the regional economy suffered. The impact varied among industry sectors with the leisure and hospitality industries being most significantly impacted, followed by accommodation and food, construction and retail. Government and financial activities sectors were less impacted. Private sector employment has rebounded to approximately 80% of pre-pandemic job-levels during the 2021-22 school year with continued growth. The strongest rebound occurred in construction and retail sectors, which experienced some of the steepest losses during the pandemic. The regional economy's largest sector, healthcare and social assistance, hovers below pre-pandemic employment levels at approximately 95%. Manufacturing, already diminished from the days that Xerox and Kodak dominated the Rochester economy, is just slightly below pre-pandemic employment levels at around 97%. Regaining all of the employment ground lost due to the pandemic would be a notable achievement for the local economy, but the Rochester region has seen little growth in both employment and population in recent decades. The transition from a traditional manufacturing economy to educational institutions and health care remains a work in progress.

Projected Enrollment²

The most recent ten-year summary of enrollment projections indicates that though the pandemic had a negative impact on prekindergarten and kindergarten enrollment, the District has experienced a rebound in kindergarten enrollment in the current year. Despite Charter school growth in Rochester and the surrounding area, the District is confident that enrollment will continue to rebound once facilities are modernized, program and course offerings are expanded, and recruitment for all grade levels increases. August 2021 enrollment projections submitted in association with the Facilities Modernization Plan indicate a K – 12 enrollment of 21,408 in 2022-23 to 23,430 students in 2030-31, or an overall projected increase of over the 10-year period of 9.4%. These projections are derived using the Cohort Survival model, used by the U.S. Census Bureau and the New York State Education Department.

The District's prekindergarten enrollment is currently 2,655, of which 1,319 students are in District programs and 1,336 students are enrolled in community-based programs. Children that attend District prekindergarten programs are twice as likely to enroll in District schools than their community-based counterparts. In 2021-22, there are currently eighteen community-based organizations in twenty-seven locations.

The District maintains just under 7 million square feet of educational and administrative space in owned and leased facilities and owns forty-seven school buildings with an average age of 75 years old. Twelve schools have some portion of the building that is more than 100 years old. Given the number and overall age of the buildings, there is a constant demand for building repair or upgrading.

Sources:

- 1 Rochester Beacon, *The Rochester Region's Uneven Economic Recovery*, April 4, 2022
- 2 RCSD CIP, March 2022

District School Building Data	
Year Constructed	Total No.
1900-1919	10
1920-1939	12
1940-1969	15
1970-Present	10
Total	47
<i>Building data does not include mini-schools, leased facilities, or transportable units.</i>	

The State Education Department (SED) mandates that every five years each New York State school district complete a building condition survey. The latest survey was completed in 2016, however, the State recently revised the procedures and schedule for the surveys and has reassigned Rochester’s next building condition survey for 2023, with annual, visual inspections to be conducted in the interim years. The 2016 survey identified a need of \$467.0 million for building improvements over the next five years, however, the current Capital Improvement Plan proposes an investment of only about \$128.4 million over the next five years, comprised of approximately \$78.4 million from borrowed funds and \$50.0 million from cash capital. The procurement of equipment and expenditures for capital improvements with short-term life cycles are generally financed through the cash capital operating budget. Equipment and facility improvements with long-term life cycles are generally financed through borrowed funds.

The Facilities Modernization Program (FMP) has provided an infusion of capital to help meet the long-term District facilities renovation needs. The program enables the District to develop state-of-the-art schools for students and staff, establishes equity with facilities at other school districts, and creates learning environments that support the District’s strategic plan. However, the FMP falls short of addressing the District’s ongoing and continuously evolving maintenance and repair needs in schools that are not included in the list of approved schools covered under the active Phase of the FMP renovations. As such, the CIP focuses on addressing the needs of these schools.

The FMP was originally structured to be a three-phase program spanning more than fifteen years, which will cost more than \$1.2 billion. As part of Phase I, six elementary schools were substantially reconstructed and four high schools were partially renovated.

In December 2014, the New York State Governor signed legislation approving Phase II of the program authorizing \$435 million to modernize partially or fully 25 additional buildings plus a District-wide technology project. In July 2016, the Governor signed an amendment to the Phase II legislation that included a proposed change to the building aid reimbursement formula used by the State to reimburse the District. This amendment to the plan narrows the focus of Phase II to construction at 13 buildings and allows the doubling of the Maximum Cost Allowance (“MCA”) on select schools within Phase II in order to facilitate project completions over a five-year period, rather than ten years, while still maximizing aid reimbursement. Phase II construction commenced during fiscal 2016-17 and was completed in the fall of 2022.

A Phase III Bill was approved by the State Legislature on June 1, 2021 and was signed by the Governor on November 15, 2021 authorizing up to twelve projects totaling no more than \$475 million. Selection of buildings is underway and expected to be completed in December 2022. Following the selection of projects, the Phase III Master Plan and Financial Plan will be submitted to New York State Education Department in Spring 2023.

The District’s Capital Improvement Program (CIP) is prepared as a companion document to the Superintendent’s proposed budget, and is intended to fund capital investments to further the

Superintendent's goals and initiatives as outlined in that document. The current CIP approved by the District's Board of Education identifies targeted facility renovations over a five-year time frame from 2022-23 to 2026-27. Additionally, the RCSD has developed a ten-year master plan that emphasizes performance management through a strategic framework for facilities investments that align with the District's educational vision. Schools will be fitted for educational program priorities while maintaining the correct mix of school buildings.

The City of Rochester continues to be in compliance with the New York State legislation associated with the Maintenance of Effort (MOE) that the City must provide in funding support to the District. The City is required to maintain a consistent level of financial support, currently \$119.1 million, in annual funding to the District. According to the MOE legislation, if the local share of net debt service paid by the District for construction improvements increases, the City could be required to increase its funding support to the District by the corresponding amount. In an effort to minimize its exposure to increased funding to the District, the City monitors on an annual basis the potential impact of the MOE, prior to committing to new CIP funding for the District.

Major Initiatives

The Rochester City School District (the District) serves a diverse population of students, most of whom live in poverty and deserve a high quality elementary and secondary education that will prepare them for their post-secondary college and career choices. To support this, the District has initiated a strategic plan designed to set the course for the next five years. Our highly interactive planning process engaged district and external communities, highlighted critical priorities and provided clear methods for measuring progress. This planning effort occurred at a critical time in the District. The Strategic Plan was developed in response to a very dynamic and changing education landscape. The District is being asked by state and community constituents and government agencies to provide evidence of quality; increased access, graduation and retention rates; and higher student and school performance than at any time in history.

Mission Statement: Foster students' individual talents and abilities in a nurturing environment of equity.

Vision Statement: Ensure all students equitable access to a high-quality education and graduate each student as a productive member of society.

Core Beliefs:

- ◆ Students are our first priority and will drive each decision.
- ◆ Each student has recognizable and untapped potential that we strive to discover and fulfill.
- ◆ We embrace diversity and commit to the eradication of racism and all forms of discrimination and oppression.
- ◆ We provide students, families and staff with equitable access to resources for learning.
- ◆ We respect and honor the dignity of all individuals.
- ◆ Educating the whole child requires high-quality learning that is safe, loving and rigorous.
- ◆ Our work is centered in respect, trust, integrity and accountability.
- ◆ Education is a partnership of families, school, and the community.
- ◆ We make each fiscal and resource allocation decision equitably, transparently and in the best interest of our students.

Rochester City School District Priorities:

Engage: Provide high-quality learning experiences

- ◆ Implement student-centered learning to improve academic success for all and to close the achievement gap of our students with disabilities, economically disadvantaged students, and Black, Latino and English language learners.

- ◆ Establish a uniform, clear and transparent procedure for curriculum development and implementation.
- ◆ Use data purposefully and collaboratively to drive decisions and to improve student outcomes.

Lift Up: Ensure an inclusive, caring and safe learning environment

- ◆ Use restorative practices to promote inclusiveness, relationship-building and problem-solving.
- ◆ Deliver trauma-informed practices through a culturally responsive lens to provide a safe, positive learning environment.
- ◆ Establish training norms for cultural responsiveness, antiracism, diversity and inclusion.

Collaborate: Build strong community

- ◆ Create non-traditional, innovative opportunities for family engagement.
- ◆ Partner with businesses, higher education and other community organizations.

Lead: Foster dynamic leadership

- ◆ Manage school and district resources effectively.
- ◆ Develop leaders at the school and district levels to achieve each school's targeted outcomes.
- ◆ Highlight and communicate the great accomplishments in our schools and district.
- ◆ Build high-performing teams to drive implementation of our strategic priorities.

Relevant Financial Policies

As a dependent District, the City manages the District's cash. The District evaluates its cash requirements on a daily basis, and any surplus funds are invested by the City, generally in repurchase agreements, for terms that accommodate the estimated financial needs of the District at the highest interest rates available. The amount of interest earnings reported in the General fund for 2021-22 was \$176,540.

Legal Requirements

New York State law requires an annual audit of the financial statements, conducted by an independent accounting firm. The District's financial statements have been audited and the auditor's opinion is included in this report.

ACKNOWLEDGEMENTS

Our appreciation goes first to the District staff involved in the preparation of this report; this report could not have been accomplished without the efficient and dedicated services of this staff in various departments. Their many hours of hard work in gathering, organizing and analysis of information allow the District to present this high quality ACFR. We also wish to thank our independent auditors, Freed Maxick, CPAs, PC whose professional competence and leadership have supported us throughout the year. A copy of this report can be found at the District's website: <http://www.rcsdk12.org>.

Respectfully submitted,



Dr. Carmine Peluso
Interim Superintendent of Schools



Shawn J. Farr
Chief Financial Officer

List of Rochester City School District Officials As of June 30, 2022

MEMBERS OF THE BOARD OF EDUCATION

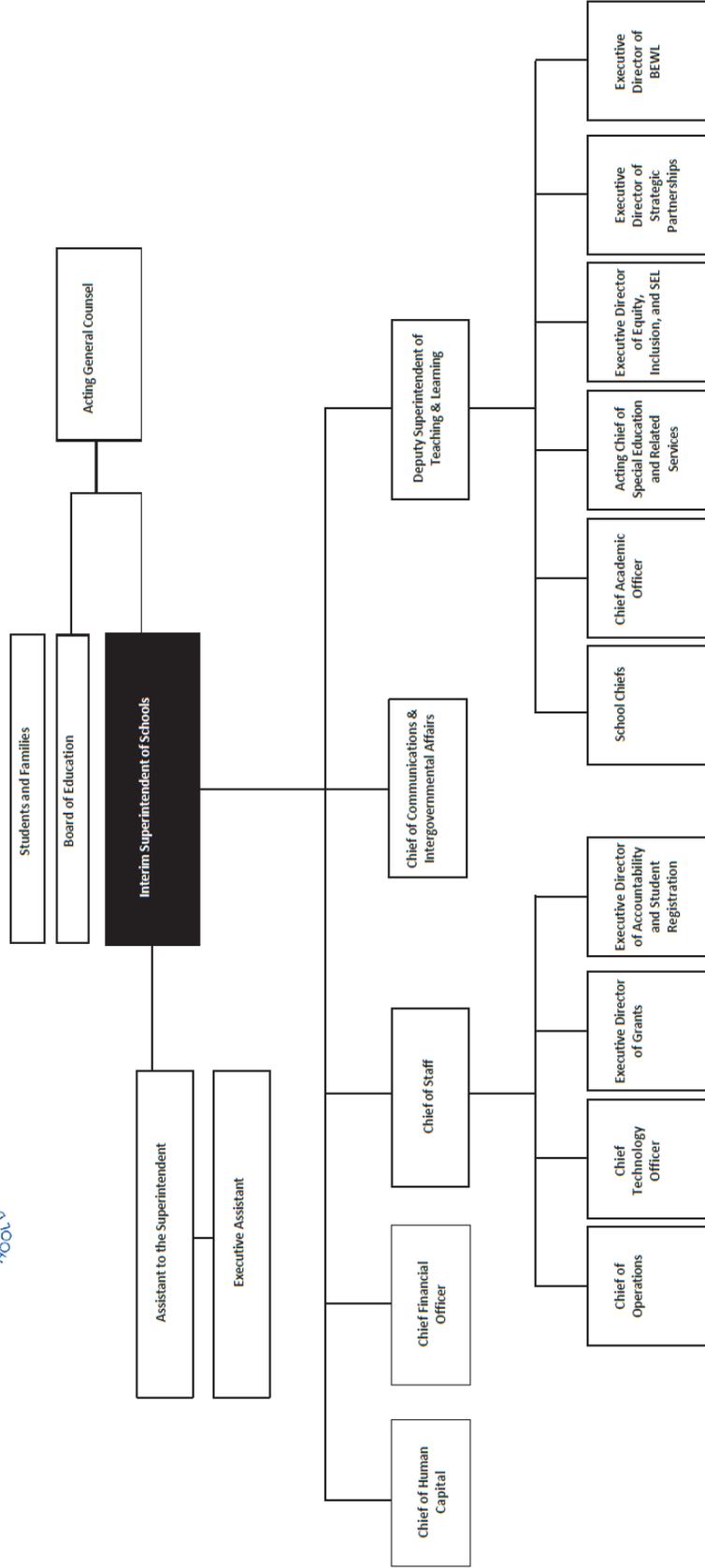
Cynthia Elliott	President
Beatriz LeBron	Vice President
Ricardo Adams	Commissioner
Amy Maloy	Commissioner
James Patterson	Commissioner
Willa Powell	Commissioner
Camille Simmons	Commissioner

SUPERINTENDENT'S EXECUTIVE LEADERSHIP TEAM

Lesli Myers-Small	Superintendent of Schools
Kathleen Black	Deputy Superintendent
Genelle Morris	Deputy Superintendent
Vernon Connors	Acting Chief Financial Officer
Shanie Keelean	Chief Academic Officer
Rhonda Morien	Chief of Schools
Christopher Miller	Chief of Human Capital
Adrian Neil	Acting General Counsel
Carmine Peluso	Chief of Schools
Marisol Ramos-Lopez	Chief of Communications and Intergovernmental Affairs
Deserie Richmond	Acting Chief of Special Education and Related Services
Michael Schmidt	Chief of Operations
Demario Strickland	Chief of Schools
Glen VanDerwater	Chief Technology Officer
LaJuan White	Chief of Schools



Rochester City School District - Office of the Superintendent



Financial



INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of the
Rochester City School District
Rochester, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester City School District (the District), a component unit of the City of Rochester, New York, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As stated in Note 1, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Rochester, New York
December 6, 2022

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. As management of the Rochester City School District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The District's government-wide financials reported that the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2022 by \$556.0 million; a decreased deficit of \$82.3 million as compared to the previous year. The District's governmental funds reported combined ending fund balances of \$140.5 million; an increase of \$31.8 million in 2021-22.
- During fiscal 2021-22 the District utilized approximately \$22.8 million in funding associated with the Federal Coronavirus Aid Relief and Economic Security (CARES) Act, which created an Education Stabilization Fund (ESF) to prevent, prepare and respond to the coronavirus; \$16.0 million in funding associated with the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and \$8.0 million in funding associated with the American Rescue Plan (ARP) Act; and \$7.5 million in Emergency Connectivity Funding (ECF). These funds were primarily used to provide mental health services, sanitation support, minimize the spread of infectious disease, and to support the ability of local educational agencies to continue providing educational services to students.
- The 2021-22 fiscal year welcomed a full year of in-person learning after traditional learning was interrupted due to the global pandemic. As such, the District operating expenditures in its General fund increased by \$56.1 million during 2021-22, or 9.3%. Additional increases in General fund expenditures were offset by pandemic relief funding. Similarly, the use of this funding enabled the District to increase its General fund balance by \$33.3 million, as a result of utilizing pandemic expenditures for routine operating expenses.
- As part of the Governor's New York State 2020-21 Budget, Article VII – Education Part C, the Commissioner of Education has appointed a monitor to provide oversight, guidance and technical assistance related to the educational and fiscal policies, practices, programs and decisions of the District, the Board of Education and the Superintendent. As such, the fiscal monitor has issued academic and financial plans that the District continues to implement in an effort to provide the District with a sustainable platform that ensures fiscal integrity and responsibility into the future.

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements present functions of the District that are principally supported by state and federal aid and intergovernmental revenues (*governmental activities*). The governmental activities of the District include general support, instruction, pupil transportation, community services and interest on debt. The government-wide financial statements can be found on pages 31 and 32 of this report.

Fund Financial Statements

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

revenues, expenditures, and changes in fund balances for the General fund, Special Aid fund, School Food Service fund, Debt Service fund, Capital Projects fund, and Rochester Joint Schools Construction Board fund, all of which are considered to be major funds.

The District adopts an annual appropriations budget for its General fund, Special Aid fund, and School Food Service fund. Budgetary comparison schedules have been provided for the General fund, Special Aid fund, and School Food Service fund with adopted budgets to demonstrate compliance with the budget. These schedules are presented in the Required Supplementary Information section of this report. The basic governmental fund financial statements can be found on pages 33-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 40 and 41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-69 of this report.

Government-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$556.0 million at the close of the most recent fiscal year.

A positive portion of the District's net position in the amount of \$219.3 million reflects its investment in capital assets (e.g., land, buildings, building improvements, machinery, and equipment), less accumulated depreciation and any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students and citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net deficit of \$801.2 million reported at June 30, 2022 is not current and represents liabilities that will be funded with future budgets. This occurred because the District is required to accrue in its government-wide statements all of its long-term obligations.

An amount of \$25.9 million is reported on the statement of net position as restricted because its use is limited. Of this amount, \$6.1 million represents amounts restricted for capital expenditures, \$18.9 million represents certain proceeds from serial bonds that are limited in use by their respective bond covenants, and an additional \$0.9 million for FMP contractor loans, employee flexible spending withholdings, and student scholarships and clubs.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Rochester City School District's Net Position – Governmental Activities

	<u>2020-21</u>	<u>2021-22</u>
Current and other assets	\$ 268,148,021	\$ 594,661,467
Capital assets (net of accumulated depreciation) ⁽¹⁾	908,192,956	881,094,036
Total assets	<u>1,176,340,977</u>	<u>1,475,755,503</u>
Deferred outflows	400,212,150	186,670,060
Total deferred outflows of resources	<u>400,212,150</u>	<u>186,670,060</u>
Long-term liabilities outstanding ⁽¹⁾	1,957,540,435	1,616,653,115
Other liabilities	165,604,368	194,309,081
Total liabilities	<u>2,123,144,803</u>	<u>1,810,962,196</u>
Deferred inflows	91,693,434	407,458,304
Total deferred inflows of resources	<u>91,693,434</u>	<u>407,458,304</u>
Net investment in capital assets ⁽¹⁾	200,851,087	219,282,692
Restricted	26,308,039	25,883,072
Unrestricted (Deficit) ⁽¹⁾	(865,444,236)	(801,160,701)
Total net position	<u>\$ (638,285,110)</u>	<u>\$ (555,994,937)</u>

⁽¹⁾ Prior year adjusted for the impacts of GASB 87, Accounting for Leases

“Current and other assets” increased by approximately \$326.5 million, or 122.0% during fiscal year 2021-22. The majority of this increase is due to significant changes in the District’s proportionate share of the New York State pension systems. During 2021-22, the District’s share of both the ERS and TRS pensions converted from a liability to an asset, accounting for \$265.7 million of the \$326.5 year-over-year increase in current and other assets. For additional information on the TRS pension, refer to Note. V.B. Additionally, the impacts of the infusion of pandemic relief contributed to a \$30.5 million increase in cash on hand at the end of the fiscal year offset by a \$4.1 million reduction in restricted cash. This reduction was primarily due to the draw-down of funds restricted to pay for FMP project expenditures as Phase II of the program related payment cycle neared completion. Additionally, an increase in amounts due from other governments of \$32.8 million existed due to the ramp-up of pandemic funding utilization during 2021-22 which resulted in higher amounts pending reimbursement at the end of the fiscal year as compared to the end of the previous fiscal year. The remaining net increase of \$1.6 million is attributable to nominal fluctuations in accounts receivable and prepayments.

“Capital assets (net of accumulated depreciation)” decreased by approximately \$27.1 million, or 3.0%, during fiscal year 2021-22. The majority of this net decrease is due to increases in depreciation associated with depreciable assets placed into service during 2021-22 upon the full completion of many of the FMP Phase II projects.

“Deferred outflows” decreased by \$213.5 million, or 53.4% overall, as compared to the prior year. Net deferred pension outflows decreased by \$18.0 million and deferred OPEB outflows increased by \$195.0 million. Changes in pension and OPEB outflows are driven by changes in

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

actuarial assumptions such as discount rates, actuarial mortality tables and improvement scales, headcount, inflation indexes and premium rates since the prior valuation. The remaining \$0.5 million decrease was attributable to deferred charges incurred during bond refundings.

“Long-term liabilities outstanding” decreased by approximately \$340.9 million, or 17.4% overall, as compared to the prior year. Most significantly, the liability for OPEB decreased by \$232.2 million as compared to the previous year. This was primarily due to an increase in discount rate from 2.09% in prior year to 3.77% in the current year. Additionally, the pension liabilities decreased by \$43.9 million and converted to assets. Pension liabilities are impacted by membership composition, stock-market performance, discount rates, and a variety of other actuarial assumptions. There was also a decrease of \$5.2 million in liabilities associated with the final payments of the ERS and TRS pension smoothing loans during fiscal year 2021-22. Scheduled installment payments towards the District’s outstanding bonds and bond premium amortization resulted in an overall decrease of \$54.9 million in debt related activity. The remaining net decrease of \$4.7 million is due to nominal fluctuations in liabilities such as claims payable, compensated absences, leases payable and NYS lottery spin-up loans.

“Other liabilities” increased by \$28.7 million, or 17.3% overall, as compared to the previous year. Amounts due to vendors including other governments for goods and services increased by \$17.8 million; this trend is indicative of higher activity due to the return to the full-year, in-person learning model. Increases in amounts due to retirement systems of \$1.9 million and in deferred revenue of \$0.4 million also occurred, as compared to the previous year. Most notably, BANs outstanding at year-end increased by \$8.6 million, as compared to the previous year. These BAN amounts outstanding will decrease as they are periodically converted to bonds.

“Deferred inflows” increased by approximately \$315.8 million, or 344.4%. Of this increase, \$70.3 million was attributable to OPEB and \$245.5 were attributable to pensions. Amounts reported in this account are amortized over time as pension and OPEB expenses. These expenditures fluctuate as a result of a variety of factors such as membership composition and demographics, actuarial methods and assumptions, and stock market performance (which is specific to pension expense). The amount reported reflects the District’s allocated portion of deferred inflows in the ERS and TRS employer cost sharing plans, as well as the District’s projection for retiree health insurance costs. For additional information on accounting and financial reporting for pensions and OPEB, refer to Notes V.B. and V.C. of this report.

As mentioned previously, the unrestricted deficit of approximately \$801.2 million reported at the end of fiscal year 2021-22 is not current and represents liabilities that will be funded with future budgets.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Rochester City School District's Changes in Net Position – Governmental Activities

	<u>2020-21</u>	<u>2021-22</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,949,250	\$ 2,664,762
Operating grants and contributions	98,289,978	140,212,912
General revenues:		
State & federal aid	543,312,659	615,110,529
Intergovernmental	119,100,000	119,100,000
Lottery aid	75,637,667	70,950,671
Other	10,282,233	8,893,866
Total Revenues	<u>849,571,787</u>	<u>956,932,740</u>
 Expenses		
General support:		
Board of Education	659,122	588,737
Chief school administrator	719,321	626,898
Finance	6,082,006	5,568,591
Staff	6,230,451	6,621,387
Central Services	63,500,975	75,514,696
Other	9,161,960	15,411,206
Total General Support	<u>86,353,835</u>	<u>104,331,515</u>
Instruction:		
Administration and improvement	70,501,446	70,714,879
Teaching	590,433,415	539,819,968
Instructional media	10,782,973	19,447,964
Pupil services	42,641,354	40,965,366
Total Instruction	<u>714,359,188</u>	<u>670,948,177</u>
Pupil transportation	29,878,687	69,576,568
Community services	1,594,206	1,963,284
Interest on long-term debt	32,061,185	27,823,023
Total Expenses	<u>864,247,101</u>	<u>874,642,567</u>
 Decrease in net position	(14,675,314)	82,290,173
Net Position - Beginning	(623,609,796)	(638,285,110)
Net Position - Ending	<u>\$ (638,285,110)</u>	<u>\$ (555,994,937)</u>

Program revenues from operating grants and contributions increased by approximately \$41.9 million, as compared to the previous year. The majority of this increase is attributable to new usage of pandemic related Federal revenue sources in 2021-22 such as \$16.0 million in CRSSA Act funding, \$8.0 million in ARP Act funding and \$7.5 million in ECF funding. Revenues for the District's Pre-K program increased by \$0.4 million due to increases in County reimbursements due to the return to in person learning. Revenues from other programs such as Extended School

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Year (ESY) and Adult Education increased by approximately \$5.6 million also due to the impacts of the return to the classroom. The remaining net increase of \$4.4 million is due to increased activity associated with the return to a full year of in-person learning.

State and federal aid, excluding lottery aid and federal and state aid included in operating grants and contributions, increased District-wide by approximately \$71.8 million during 2021-22, as compared to the previous year. The majority of this increase is attributable to an increase of NYS basic formula aid of \$44.2 million. Federal reimbursements for student meals increased by \$12.4 million, as compared to the previous year due to the return to a full year of in-person learning in 2021-22. An additional increase of \$16.9 million is attributable to planned usage of the remaining CARES Act funding available to the District, as budgeted in the fiscal 2021-22 year. The remaining net decrease of \$1.7 million is primarily comprised of state revenue increases such as basic formula aid payable under New York State Education Law (NYSEL) 3609a offset by decreases in excess cost and lottery aid.

On a government-wide basis, lottery aid decreased by approximately \$4.7 million during 2021-22, as compared to the previous year. Annual proceeds from the New York State Lottery are used to support elementary, middle and secondary education. The District's share of lottery proceeds is computed according to an equalized formula based on taxable property wealth per pupil. Lottery participation in 2021-22 continued to decline as a result of the economic impacts of the pandemic.

Buffalo, New York City, Rochester, Syracuse, and Yonkers, each with populations over 125,000, are referred to as "the Big 5" city school districts. These city school districts do not levy taxes to raise revenues as do the rest of the State's school districts. Rather, they are dependent on the portion of the city budget devoted to education each year for the local share of their budgets. The cities differ in the extent to which they allocate a portion of their budget for education; however, they must comply with certain legal requirements to demonstrate a "maintenance of effort" in this regard. Currently, the District receives a designated amount of \$119.1 million per fiscal year as its allocation from the City of Rochester's budget. This amount was reduced from \$126.1 million in fiscal 2004-05 and has remained level since that time.

On a government-wide basis, other general revenues decreased by \$1.4 million. This was primarily due to reductions in self-insurance recoveries for workers' compensation and health insurance during 2021-22 as compared to the previous year. Such recoveries are attributable to workers' compensation 2nd injury claim refunds from the state insurance fund and recoveries generated from stop-loss insurance for high-cost health insurance claims.

On a government-wide basis, expenses for central services increased by \$12.0 million. The return to a full year of in-person learning during the 2021-22 year resulted in increasing costs in multiple areas such as utility usage, building maintenance and repair, administrative substitutes, temporary staff usage and food service and transportation labor and benefits.

On a government-wide basis, expenses for other general support increased by \$6.2 million. This was attributable to increases such as \$1.9 million in indirect costs due to higher activity associated with federal relief funding and \$4.3 million for minor construction and software project costs approved under federal pandemic relief for these purposes.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Government-wide teaching program expenses decreased by \$50.6 million as compared to the previous year. On a government-wide basis, expenses for *all* off the District’s teaching programs (regular education, special education, programs for English language learners (ELL), and occupational education (CTE) are included in this comparison. This sizable reduction is due to amounts allocated to the teaching program for its proportionate share of decreased expenses for the sharp reductions in the long-term pension and retiree health care (OPEB) liabilities in fiscal 2021-22 as compared to the previous year.

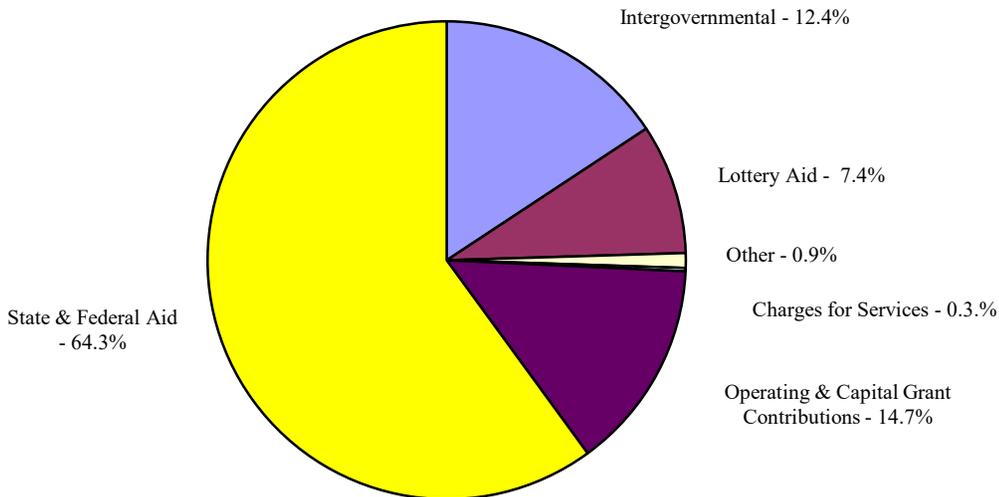
Government-wide expenses for instructional media increased by \$8.7 million as compared to the previous year. This increase was due the purchase of technology for teachers and students funded through pandemic relief and as part of the federal Emergency Connectivity Fund (ECF) to help schools provide the tools and services needed for remote learning during the pandemic and beyond, as well as address the homework gap for students who lack necessary devices and access needed to connect to classrooms.

Expenses for pupil services decreased by \$1.7 million as compared to the previous year. This decrease was primarily attributable to reductions in the program’s proportionate share of expenses allocated for decreases in long term liabilities such as pension and retiree health care (OPEB).

Transportation expenses increased by approximately \$39.7 million, as compared to the previous year. This sharp increase is primarily due to the return to the normal business model for transportation of students during a full in-person learning year.

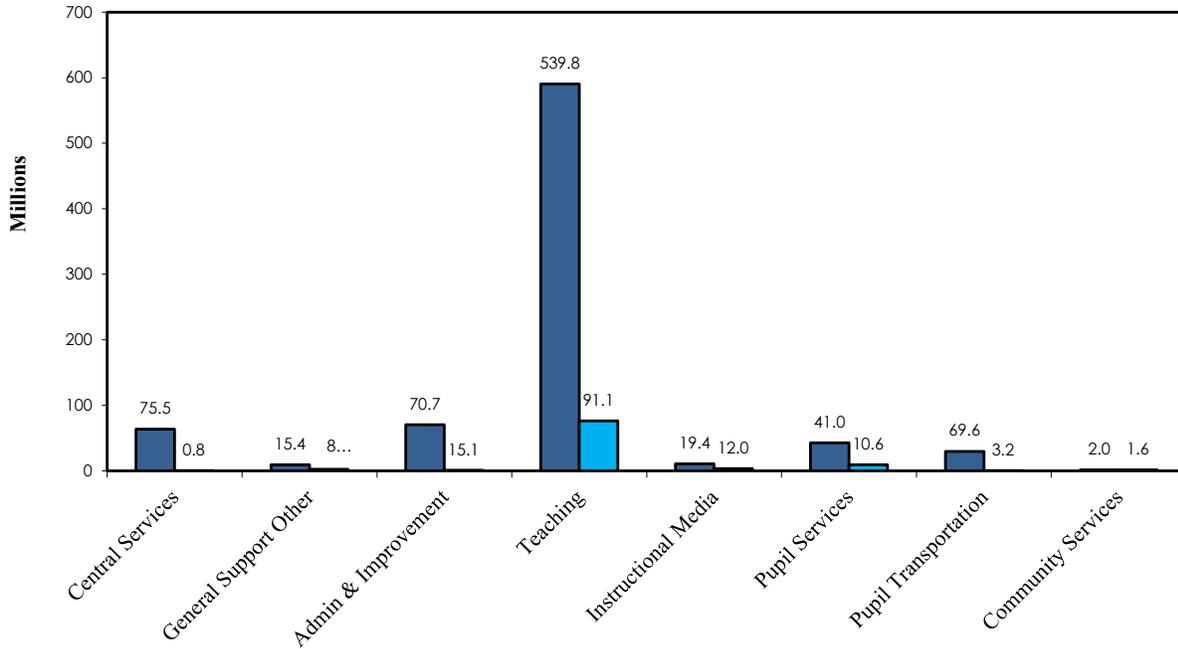
Interest on long-term debt decreased by approximately \$4.2 million, as compared to the previous year. Scheduled amortization payments were significantly lower than the preceding year, and no new bonds were issued during 2021-22.

Revenues By Source - Governmental Activities



**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

**Expenses and Program Revenues - Governmental Activities
(Excludes Programs with No Revenue)**



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental fund balance reported a combined ending fund balance of \$140.5 million, an increase of \$31.8 million from the prior year's restated fund balance of \$108.7 million. Components of the fund balance consist of a nonspendable fund balance of \$18.0 million, a restricted fund balance of \$25.9 million, a committed fund balance of \$37.8 million, an assigned fund balance of \$51.2 million and an unassigned fund balance of \$7.7 million. The non-spendable fund balance is the portion of the fund balance that cannot be spent because of its form, such as inventory, or that will never be converted to cash, such as prepayments. The restricted fund balance is primarily comprised of cash set-aside for future debt payments and capital outlay associated with the Facilities Modernization Program. The committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Education or their designee.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

The assigned portion of the fund balance is the portion that has been identified for intended use by the Board of Education or its designee. The unassigned portion of the fund balance is that portion of the fund balance in the District's General fund in excess of the aforementioned categories, or for any other fund that incurs a deficit fund balance.

General Fund. The General fund is the chief operating fund of the District. At the end of the current fiscal year, the District maintained a total General fund balance of \$169.1 million, an increase of \$33.3 million over the previous year's fund balance of \$135.8 million. This General fund balance was comprised of \$17.4 million in prepayments for charter school tuition classified as non-spendable fund balance; \$14.1 million of restricted fund balance to apply to future debt service payments, scholarships, student activities, and flexible spending plan payments; \$37.6 million of committed fund balance for insurance claims, workers' compensation, health insurance rate stabilization and OPEB; assigned fund balance of \$47.8 million for encumbrances, the repayment of a fiscal stabilization loan from NYS, and capital, contractual and subsequent year expenditures; and an unassigned fund balance of \$52.2 million. As a measure of the General fund's liquidity, it may be useful to compare both the assigned and unassigned portions of the general fund balance to the total fund expenditures (excluding transfers out) within a given year. At June 30, 2022, the combined assigned and unassigned fund balance totaled \$100.0 million or approximately 15.2% of the total general fund operating expenditures of \$659.1 million, reflective of increased liquidity as compared to the previous year's measurement of 13.0%.

Given the uncertainty surrounding the long-term fiscal impacts of the global pandemic on the global, national and local economies and because the District is almost solely reliant on other government entities as its funding source, the District recognizes the need to maintain a healthy fund balance. Despite the temporary injection of pandemic-relief funding, the District recognizes the need for a long-term, sustainable financial framework that ensures the ability to continue the focus on educational improvements and the delivery of quality education to all of the District's students as the impacts of the global pandemic dissipate.

As previously mentioned, the General fund balance increased by approximately \$33.3 million during the fiscal year, as increases in revenues outpaced increased in expenditures. Revenues from local sources, primarily the City of Rochester, remained level from year to year; however, state and federal revenue sources increased by 6.3% and 205%, respectively. The net increase of \$37.5 million in state revenues was primarily attributable to the \$44.2 million increase in basic formula aid payable under New York State Education Law (NYSEL) 3609a. The allocation of basic formula aid is determined annually by the State of New York as set forth in the Governor's annual budget, and is allocated based on a variety of factors such as the state's financial position, enrollment, special education requirements and poverty level. The increase in basic formula aid was offset by decreases of \$4.7 million in lottery aid. Lottery aid is also distributed based on the statutory formulas and is dependent upon the proceeds raised in any given year. Additionally, excess cost aid decreased by \$1.7 million as compared to the previous year. The purpose of excess cost aid is to ensure that school districts meet Federal maintenance of effort requirements regarding spending for students with disabilities. These reductions were offset by a net decrease of \$0.3 million for nominal fluctuations in other state aid categories such as charter school apportionment, incarcerated youth, the homeless, and special legislative aid.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

The sharp increase in federal revenues of \$17.9 million, or 205%, was primarily attributable to the \$16.9 million increase of CARES Act funding received during 2021-22 as compared to the prior year. The CARES Act was signed into law on March 27, 2020 to help address the economic effects of the pandemic; the District has exhausted its allocation of this funding during fiscal 2021-22. The additional \$1.0 million increase in federal funding is attributable to an increase in Medicaid revenues which was due to an increase in the number of compliant claims submitted for reimbursement, as well as an increase in claimable services provided to students with disabilities due to a full in-person learning year.

Transfers into the General fund decreased by approximately \$3.9 million, or 99.9%, as compared to the previous year. This was due to a timing issue; the premium and interest proceeds that were earned during fiscal 2021-22 and transferred out from the Debt Service fund to the General fund for payment of future debt payments will substantially occur in the subsequent fiscal year, as opposed to within the same fiscal year as in previous years.

Expenditures for general support staff increased by \$1.3 million or 21.5% as compared to the previous year. This increase was primarily due to lower temporary labor expenses in the 2020-21 fiscal year due to remote learning; with the return of the traditional in person model in 2021-22, temporary labor staff expenses began to normalize.

Expenditures for central services increased by \$6.2 million, or 13.2%, as compared to the previous year. Of this increase, \$3.2 million is attributable to increased electric costs related to running air systems non-stop as a COVID-19 preventative measure. Additional increases of approximately \$2.7 million are primarily attributable to the return to a full in-person school year in 2021-22 as compared to the previous year of partial school closures. With the return to normalcy, operating costs for central services such as utilities and building maintenance and repairs increased. The remaining \$0.3 million increase is attributable to retro-payments for salaries associated with the settlement of collective bargaining unit contracts during the fiscal year.

Expenditures for other general support, including special items, increased by \$0.9 million, or 6.9%, as compared to the previous year. Of this increase, approximately \$2.8 million is associated with judgments and claims accrued for the eventual settlement of Child Victims Act cases filed on or before August 2021. The Child Victims Act, passed into law during 2019, opened a limited filing window for otherwise time-barred claims for sexual abuse, regardless of when the claimed sexual abuse occurred. This increase was offset by a decrease in disallowances of \$2.6 million due to a change in accounting methodology for the treatment of the unreimbursed PreK program costs. In 2020-21 and prior years, these costs were charged to disallowance in the General fund, however, going forward, the amounts will be treated as an interfund transfer out of the General fund into the Special Aid fund. The remaining net increase of \$0.7 million is primarily attributable to increases in administrative contracts, insurance, and salaries and retro-payments for salaries associated with the settlement of collective bargaining unit contracts during the fiscal year.

Instructional related expenditures for teaching (general education programs) increased by \$4.2 million overall, or 1.6%, as compared to the previous year. A large portion of this increase, \$2.7 million, was comprised of retro-payments for instructional staff as part of the various collective bargaining agreements that were settled during the fiscal year 2021-22. Additionally,

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Charter school regular education tuition increased by \$2.1 million due to increases in student enrollment and per pupil tuition cost in 2021-22 as compared to the previous year. The remaining net decrease of \$0.6 million is primarily attributable to staff vacancies, as the District struggles, along with the education industry at large, to fill positions post-pandemic.

Expenditures for special programs such as occupational education, English language learners (ELL) and special education decreased by \$1.7 million overall, or 1.2%, as compared to the previous fiscal year. Of this decrease, \$2.4 million was attributable to reductions in tuition for students placed externally for special services and \$0.5 million was attributable to a reduction in BOCES services for occupational education. These decreases were offset by a net increase of \$1.2 million which was primarily attributable to increases in special education tuition payments to charter schools and retro-payments for salaries associated with the settlement of collective bargaining unit contracts during the fiscal year.

Other instructional expenditures increased by approximately \$10.6 million, or 12.1%, as compared to the previous year. Of this increase, \$2.7 million was attributable to an increase in BOCES health services. During 2020-21, BOCES health services costs were relieved with a special COVID funding source that was not available during 2021-22. Additional increases in expenditures related to providing student services and support under the full in-person school year platform are as follows: school staff training and professional development - \$0.5 million, curriculum planning, research, development and test scoring - \$0.3 million, school supervision and resource officers - \$3.2 million, school libraries - \$0.3 million, attendance related - \$0.2 million, computer assisted instruction - \$0.8 million, and athletics programs - \$0.7 million. Additional increases of \$1.9 million are primarily attributable to staff benefits allocated to these programs as well as retro-payments for salaries associated with the settlement of collective bargaining unit contracts during the fiscal year.

Expenditures for pupil transportation increased by approximately \$36.6 million, or 131.8%, as compared to the previous year. This sharp increase is due to the full reopening of schools at the beginning of fiscal 2021-22 and the return to a post-pandemic, normalized transportation business model.

Expenditures for debt interest payments decreased by approximately \$2.4 million, or 68.7%. The primary reason for this decrease was that the District did not issue a RAN during fiscal 2021-22, as it did in the previous year. As such, there were no interest costs associated with this type of debt instrument.

Transfers out of the General fund (another financing use) to other funds increased by approximately \$13.7 million, or 15.8%. Of this amount, \$10.0 million is attributable to the annual transfer of funding from the General fund to the Capital fund as required by the City Charter; in 2020-21, a waiver was obtained from the City of Rochester. The remaining net increase of \$3.7 million is primarily attributable to a transfer of funds from the General fund to the Special Aid fund for the General fund's share of program costs to support the ESY and Blind & Deaf programs; in the previous year, due to the impacts of COVID, both programs were self-sustaining.

Special Aid Fund. There was no change in the Special Aid fund balance from fiscal year 2020-21 to fiscal year 2021-22, as the Special Aid fund maintains a "zero" fund balance from year

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

to year as the amount of expenditures incurred are offset by grant revenues of an equivalent amount. Revenues in the Special Aid fund increased in the aggregate by \$41.9 million, or 42.7% overall. Revenues from local sources increased by \$0.4 million, or 12.3% primarily due to increases in County reimbursements for the Pre-kindergarten (PreK) program which normalized due to the return to the classroom. Revenues from state sources increased by approximately \$5.6 million, or 12.7% overall, also primarily due to grant funded programs such as Extended School Year (ESY) and Adult Education that normalized due to the return to the classroom. Revenues from federal sources increased by \$35.9 million, or 70.5%, primarily due to newly utilized federal funding sources in 2021-22, such as CRRSA, and ARP, as well as Emergency Connectivity Fund relief which was used for student and teacher laptops and learning devices.

School Food Service Fund. Operating revenues increased by \$13.3 million, or 138.0%, in the School Food Service fund during fiscal 2021-22 as compared to the prior year. This is also due to the normalization of the School Food Service program due to in-person student participation. More reimbursable meals were served, the recreation centers which serve meals were reopened in 2021-22 and the Fresh Fruits and Vegetables Program funding increased due to increased consumption as well. Total operating expenditures also substantially increased by \$9.8 million, or 90.3% during the same period due the increased costs associated with return to a normal business model.

Debt Service Fund. The City, at the request of the District, issues debt for the District that is the District's responsibility to repay. This debt, in the form of Bond Anticipation Notes (BANs) and General Obligation Bonds (Serial Bonds), is primarily issued to provide funds for purchase of equipment, land, buildings, construction of new structures, and renovation work to existing structures.

The Debt Service fund balance increased by \$5.7 million, primarily due to the establishment of a \$4.5 million bond sinking fund as per the bond agreement for FMP bond Series 2012B. Proceeds deposited into the fund will be held in trust and restricted for use towards the full principal payment of the bond. The additional \$1.2 million in fund balance in the Debt Service fund represents an accumulation of interest and/or premiums earned on existing or newly issued debt and will be used to repay future debt payments.

Capital Projects Fund. The fund balance for the Capital Projects fund for fiscal year 2021-22 decreased by \$3.7 million as compared to the previous year. The primary reason for this decrease is that no bonds were issued during 2021-22 in association with the Capital Projects fund. The fund balance will increase as bonds are issued to finance capital project expenditures.

While there were no material revenue sources in the Capital Projects fund in both the current and previous fiscal year, expenditures for capital outlay increased by \$2.1 million during fiscal year 2021-22 as compared to the previous year.

Transfers in from the General fund increased by \$13.6 million due to an increase in BAN principal payments of \$3.6 million. Additionally, the \$10 million transfer of cash capital as required by the City Charter resumed during 2021-22. A waiver was obtained for 2020-21 and no transfer occurred.

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

Rochester Joint Schools Construction Board (RJSCB) Fund. Under the provisions of GASB Statement No. 61, the RJSCB is presented as a blended component unit of the District. The fund balance of the RJSCB fund decreased by \$5.7 million. As Phase II of the program reached completion, capital outlays for project expenditures in the current fiscal year decreased by \$29.9 million, or 83.2%, as compared to the previous year. The remaining Phase II project funding was used for this purpose, and no additional issuance of bonds was necessary to offset these construction expenditures, therefore the decline in the RJSCB fund balance.

General Fund Budgetary Highlights

<u>Revenues</u>	Budgeted Amounts		Actual	Variance with
	Adopted	Final		Final Budget
Local sources	\$ 129,390,096	\$ 129,390,096	\$ 129,131,292	\$ 258,804
State sources	650,740,333	650,740,333	636,534,411	14,205,922
Federal sources	27,044,263	27,044,263	26,626,049	418,214
Other financing sources - transfers in	-	-	3,083	(3,083)
Appropriation of fund balance	33,100,000	33,100,000	-	33,100,000
	<u>\$ 840,274,692</u>	<u>\$ 840,274,692</u>	<u>\$ 792,294,835</u>	<u>\$ 47,979,857</u>
<u>Expenditures</u>				
General support	\$ 58,054,790	\$ 65,182,610	\$ 60,108,649	\$ 5,073,961
Instructional	449,216,901	442,906,020	391,788,165	51,117,855
Pupil transportation	77,504,583	76,702,644	61,539,939	15,162,705
Community services	212,607	418,244	234,846	183,398
Employee benefits	154,349,110	151,188,472	144,309,639	6,878,833
Debt service	7,887,484	3,887,484	1,074,484	2,813,000
Other financing uses - transfers out	93,049,217	99,989,218	99,966,482	22,736
	<u>\$ 840,274,692</u>	<u>\$ 840,274,692</u>	<u>\$ 759,022,204</u>	<u>\$ 81,252,488</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,272,631</u>	<u>\$ (33,272,631)</u>

Adopted Budget Compared to Final Budget

Budgeted expenditures for general support increased by \$7.1 during the year, primarily due to unanticipated fuel increases, increases in utilities needed to operate air purification systems non-stop throughout the school year as a COVID safety measure, and increases for pending litigation. The \$6.3 million decrease in the budget for instructional expenditures is primarily due to savings realized as a result of staff vacancies; these vacancies similarly impacted the employee benefits budget which was reduced by \$3.1 million. The debt service budget decrease of \$4.0 million was the primary contributor to the increase in the other financing uses budget of \$7.0 million, due to a reclassification.

Final Budget Compared to Actual Results

Actual revenues from local sources were higher, by \$0.3 million, than the amended budget due to indirect cost revenue associated with stimulus funding. Actual state aid is less than budgeted due to less lottery aid revenue received, than budgeted. Appropriated fund balance was not utilized in the 2021-22 school year due to an overall positive budget variance exceeding those amounts.

General support expenditures were lower than the final budget by \$5.1 million due to reductions in facilities and maintenance infrastructure costs as a result of the pandemic-related

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

school closures as well as vacancies amongst support staff. Actual instructional expenditures were lower than the amended budget by \$51.1 million due to reduced salaries, benefits and stipends associated with vacancies, and other costs which were defrayed through the usage of pandemic related funding. Actual pupil transportation expenditures were underspent by \$15.2 million primarily due to the impacts of driver shortages. Benefits were underspent by \$6.9 million due to the large number of vacancies that the District is experiencing. Temporary staff and substitutes do not receive as many benefits as permanent staff.

Capital Asset and Debt Administration

Capital assets. The District's capital assets, net of depreciation, for its governmental activities as of June 30, 2022 amounted to \$881.1 million. This investment in capital assets includes land, buildings, building improvements, machinery, equipment, and construction in progress. There was an increase in the District's net investment in capital assets for the current fiscal year of \$21.5 million, including adjustments for the implementation of GASB 87. Major capital asset events during the current year included the following:

- Ongoing repairs and improvements. The District added \$18.7 million in capital assets during the fiscal year consisting of long-term facility improvements and code compliance projects at facilities throughout the District. These address issues such as roof replacements, masonry repair, window and door replacements, HVAC, plumbing and electrical upgrades, lead and asbestos abatement, energy conservation projects and handicapped accessibility.
- The Rochester Joint Schools Construction Board (RJSCB) added \$186.6 million in capital assets during the fiscal year. These additions were mainly for the construction and renovation of the buildings included within Phase II of the Rochester School Modernization Program (RSMP).

Capital Assets (Net of Depreciation) - Governmental Activities.

	2020-21	2021-22
Land	\$ 18,562,083	\$ 18,552,083
Buildings & Improvements	686,665,964	831,740,717
Equipment & Other	13,706,096	14,197,044
Construction in Progress	186,113,061	15,539,652
Right to Use Assets ⁽¹⁾	3,145,752	1,064,540
Total	\$ 908,192,956	\$ 881,094,036

⁽¹⁾ Prior year adjusted for the impacts of GASB 87, Accounting for Leases

For additional information on the District's capital assets, refer to Note IV.C. of this report.

Long-term Debt - Governmental Activities. At the end of the current fiscal year, the District had total bonded debt outstanding as follows:

	2020-21	2021-22
RCSD Bonds	\$ 87,112,355	\$ 72,253,499
RJSCB Bonds	496,025,000	463,535,000
Total	\$ 583,137,355	\$ 535,788,499

**ROCHESTER CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION**

The City of Rochester, which issues debt on behalf of the District, has a rating of AA- from both Standard & Poor's and Fitch, and an A1 rating from Moody's Investors Service. The RJSCB Program has a rating of AA from both Standard & Poor's and Fitch, and an Aa2 rating from Moody's Investors Service.

The legal debt margin of the District is established by the City of Rochester Charter. The limit is 3½% of 9% of the most recent five-year average of full valuation of taxable real estate for capital purposes. The debt limit at June 30, 2022 was \$258,759,534, leaving a debt-contracting margin of \$126,641,035. The debt limit associated with the RJSCB is not subject to the City debt limit cap. For additional information on the District's long-term obligations, refer to Note IV. H. of this report.

Economic Factors and Next Year's Budgets and Rates

The District is located within the City of Rochester. The Rochester's economy has experienced significant transformation and losses in manufacturing that have been offset by gains in other sectors, particularly in education, health care, and other growing small and mid-sized business sectors. The District's largest single revenue source is New York State aid; therefore, local economic challenges are further impacted by the State's struggle to respond to its own budget constraints. During the 2022-23 budget planning process, the General fund budget decreased by approximately \$3.9 million. In addition to the use of pandemic funding used to defray operating costs, continued declining enrollments also contributed to a decrease of \$6.0 million in the area of instructional costs. This was offset by key cost drivers in other areas such as general support for increases in insurance as well as ongoing staff contractual benefits and salary increases. The 2022-23 budget sustains funding for District priorities such as the East High EPO, special education, bilingual and dual language programs, building community schools, and providing emotional learning and academic support programs. The District continues to secure additional grants and other subsidies to offset spending increases.

General Fund

The 2022-23 original budget of \$836,335,316 represents a decrease of approximately 0.5% from the 2021-22 amended budget of \$840,274,692. This decrease reflects additional basic formula aid of approximately \$36.5 million compared to 2021-22 that was authorized by the State legislature. Additionally, Federal CARES Act funding of \$23.0 million that was used to balance the budget in 2021-22 did not exist in the 2022-23 budget. The District balanced its 2022-23 General fund budget using the aforementioned basic formula aid while implementing more precise methodologies in estimating appropriations for items that include but are not limited to BOCES, staffing, benefits, and private school tuition.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Rochester City School District, 131 West Broad Street, Rochester, New York 14614.

BASIC FINANCIAL STATEMENTS

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 121,019,907
Restricted Cash and Cash Equivalents	27,603,048
Accounts Receivable	2,002,316
Due from Other Governments	160,291,514
Prepayments	17,431,179
Inventories	600,777
Capital Assets (net of accumulated depreciation):	
Land	18,552,083
Buildings and Improvements	831,740,717
Equipment and Other	14,197,044
Construction In Progress	15,539,652
Right to Use Assets	1,064,540
Pension Assets	265,712,726
Total Assets	<u>1,475,755,503</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding, Net of Amortization	1,243,323
Deferred Outflows	185,426,737
Total Deferred Outflows of Resources	<u>186,670,060</u>
Liabilities	
Accounts Payable	30,294,344
Accrued Liabilities	64,524,703
Due To Other Governments	7,615,347
Due To Retirement Systems	29,854,311
Unearned Revenue	2,155,376
Notes Payable, BANs	59,865,000
Noncurrent Liabilities:	
Due Within One Year	71,411,141
Due in More Than One Year	1,545,241,974
Total Liabilities	<u>1,810,962,196</u>
Deferred Inflows of Resources	
Deferred OPEB Inflow	70,291,045
Deferred Pension Inflow	337,167,259
Total Deferred Inflows of Resources	<u>407,458,304</u>
Net Position	
Net Investment in Capital Assets	219,282,692
Restricted for Capital Expenses	6,055,735
Restricted for Debt Service	18,921,492
Restricted for Scholarships	198,967
Restricted for Student Funds	19,780
Restricted for Flexible Spending	587,098
Restricted for Revolving Loan Program	100,000
Unrestricted (Deficit)	(801,160,701)
Total Net Position	<u>\$ (555,994,937)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Function/Program	Expense	Program Revenues		Net (Expense) Revenue and Changes in Net Position Government Activities
		Charges for Services	Operating Grants and Contributions	
General Support:				
Board of Education	\$ 588,737	\$ -	\$ -	\$ (588,737)
Chief School Administrator	626,898	-	-	(626,898)
Finance	5,568,591	-	-	(5,568,591)
Staff	6,621,387	-	-	(6,621,387)
Central Services	75,514,696	5,080	834,791	(74,674,825)
Other	15,411,206	-	8,453,192	(6,958,014)
Total General Support	104,331,515	5,080	9,287,983	(95,038,452)
Instruction:				
Administration and Improvement	70,714,879	-	15,128,413	(55,586,466)
Teaching	539,819,968	2,659,682	88,442,534	(448,717,752)
Instructional Media	19,447,964	-	12,044,124	(7,403,840)
Pupil Services	40,965,366	-	10,556,227	(30,409,139)
Total Instruction	670,948,177	2,659,682	126,171,298	(542,117,197)
Pupil Transportation	69,576,568	-	3,179,793	(66,396,775)
Community Services	1,963,284	-	1,573,838	(389,446)
Interest on Long-Term Debt	27,823,023	-	-	(27,823,023)
Total Governmental Activities	\$ 874,642,567	\$ 2,664,762	\$ 140,212,912	(731,764,893)
General Revenues:				
				119,100,000
				1,479,971
				615,110,529
				70,950,671
				7,413,895
				<u>814,055,066</u>
				82,290,173
				<u>(638,285,110)</u>
				<u>\$ (555,994,937)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT
BALANCE SHEET, GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022**

(continued next page)

	General	Special Aid	School Food Service
Assets			
Cash and cash equivalents	\$ 121,014,356	\$ -	\$ 5,551
Restricted cash and cash equivalents	14,957,146	-	-
Receivables:			
Accounts	1,842,024	147,772	4,664
Due from other funds	35,242,543	4,511,457	602,957
Due from other governments	105,932,259	49,263,851	5,095,404
Prepayments	17,426,301	-	-
Inventories at cost	-	-	600,777
Total assets	<u>\$ 296,414,629</u>	<u>\$ 53,923,080</u>	<u>\$ 6,309,353</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 14,354,943	\$ 7,223,398	\$ 774,339
Accrued liabilities	56,318,809	6,408,555	565,575
Due to other funds	24,168,772	33,372,315	753,702
Due to other governments	7,543,870	71,477	-
Due to retirement systems	24,917,337	4,691,959	217,905
Unearned revenues	-	2,155,376	-
Notes payable - BANS	-	-	-
Total liabilities	<u>127,303,731</u>	<u>53,923,080</u>	<u>2,311,521</u>
Fund balances (deficit):			
Nonspendable			
Inventory	-	-	600,777
Prepayments	17,426,301	-	-
Restricted For			
Debt service	13,251,301	-	-
Scholarships	198,967	-	-
Student funds	19,780	-	-
Flexible spending	587,098	-	-
Capital expenditures	-	-	-
Revolving loan program	-	-	-
Committed For			
Revolving loan program	-	-	-
Insurance claims	1,000,000	-	-
Workers' comp	5,000,000	-	-
OPEB	27,000,000	-	-
Health Insurance	4,625,000	-	-
Assigned For			
Encumbrances	593,983	-	-
Capital local share	15,500,000	-	-
Contract settlement and pay equity	5,000,000	-	-
State loan, final payment	8,666,667	-	-
Appropriation for subsequent year expenditures	10,000,000	-	1,000,000
Pension stabilization	4,000,000	-	-
NYS unemployment insurance stabilization	2,000,000	-	-
Judgements and claims	2,000,000	-	-
Food service	-	-	2,397,055
Unassigned	52,241,801	-	-
Total fund balance (deficit)	<u>169,110,898</u>	<u>-</u>	<u>3,997,832</u>
Total liabilities and fund balances (deficits)	<u>\$ 296,414,629</u>	<u>\$ 53,923,080</u>	<u>\$ 6,309,353</u>

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

Debt Service	Capital Projects	RJSCB	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 121,019,907
4,520,736	1,352,080	6,773,086	27,603,048
3,021	-	4,835	2,002,316
1,146,434	16,792,003	-	58,295,394
-	-	-	160,291,514
-	-	4,878	17,431,179
-	-	-	600,777
<u>\$ 5,670,191</u>	<u>\$ 18,144,083</u>	<u>\$ 6,782,799</u>	<u>\$ 387,244,135</u>
\$ -	\$ 1,617,528	\$ 462,905	\$ 24,433,113
-	1,221,916	9,848	64,524,703
-	-	605	58,295,394
-	-	-	7,615,347
-	27,110	-	29,854,311
-	-	-	2,155,376
-	59,865,000	-	59,865,000
-	62,731,554	473,358	246,743,244
-	-	-	600,777
-	-	4,878	17,431,179
5,670,191	-	-	18,921,492
-	-	-	198,967
-	-	-	19,780
-	-	-	587,098
-	-	6,055,735	6,055,735
-	-	100,000	100,000
-	-	148,828	148,828
-	-	-	1,000,000
-	-	-	5,000,000
-	-	-	27,000,000
-	-	-	4,625,000
-	-	-	593,983
-	-	-	15,500,000
-	-	-	5,000,000
-	-	-	8,666,667
-	-	-	11,000,000
-	-	-	4,000,000
-	-	-	2,000,000
-	-	-	2,000,000
-	-	-	2,397,055
-	(44,587,471)	-	7,654,330
<u>5,670,191</u>	<u>(44,587,471)</u>	<u>6,309,441</u>	<u>140,500,891</u>
<u>\$ 5,670,191</u>	<u>\$ 18,144,083</u>	<u>\$ 6,782,799</u>	<u>\$ 387,244,135</u>

**ROCHESTER CITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022**

Amounts reported in governmental activities in the statement of net position (page 31) are different because:

Total fund balances (page 34)	\$ 140,500,891
Capital assets, including right to use leases, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	865,554,384
Construction in progress for governmental activities is not a financial resource and, therefore, is not reported in the funds.	15,539,652
Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds [\$15,368,289 ERS, \$250,344,437 TRS].	265,712,726
Deferred charges on refunding net of amortization are not available resources and, therefore, are not reported in the funds.	1,243,323
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,542,191,321)
Net deferred outflows and inflows related to pension plans are not due and payable in the current period and, therefore, are not reported in the funds [\$23,324,841 ERS, \$128,415,681 TRS].	(151,740,522)
Net deferred outflows related to OPEB are not financial resources and, therefore, are not reported in the funds.	(70,291,045)
Premium associated with the issuance of bonds are a liability in the governmental funds in the year the bonds are issued and will be amortized over the life of the bond.	(74,461,794)
Net accrued interest expense for bonds and notes are not reported in the funds.	<u>(5,861,231)</u>
Net position of governmental activities	<u><u>\$ (555,994,937)</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (continued next page)

	General	Special Aid
Revenues		
Local sources:		
Use of money and property (interest and rent)	\$ 323,382	\$ -
Charges for services	2,659,682	-
Sale of property and compensation for loss	1,194,967	-
Intergovernmental	119,100,000	-
Other	5,853,261	3,601,960
State sources	636,534,411	49,771,088
Federal sources	26,626,049	86,839,864
Surplus food	-	-
Total revenues	<u>792,291,752</u>	<u>140,212,912</u>
Expenditures		
Current:		
General Support:		
Staff	7,548,174	-
Central services	53,287,393	834,791
Other	14,639,836	8,489,194
Instructional:		
Teaching - regular school	275,407,933	32,735,281
Special apportionment programs	143,874,908	23,302,735
Other	98,447,566	74,320,874
Pupil transportation	64,416,909	3,180,464
Community services	358,519	1,573,838
Cost of sales	-	-
Debt service:		
Principal	-	-
Interest	1,074,484	-
Capital outlay	-	-
Total expenditures	<u>659,055,722</u>	<u>144,437,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133,236,030</u>	<u>(4,224,265)</u>
Other Financing Sources (Uses)		
Transfers in	3,083	4,224,265
Transfers out	(99,966,482)	-
Total other financing sources (uses)	<u>(99,963,399)</u>	<u>4,224,265</u>
Net change in fund balances	33,272,631	-
Fund balances (deficit) - beginning	135,838,267	-
Fund balances (deficit) - ending	<u>\$ 169,110,898</u>	<u>\$ -</u>

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

<u>School Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>RJSCB</u>	<u>Total</u>
\$ -	\$ 1,153,183	\$ -	\$ 3,406	\$ 1,479,971
-	-	-	-	2,659,682
-	-	40,000	-	1,234,967
-	-	-	-	119,100,000
5,080	-	5,626	320,041	9,785,968
392,510	-	-	-	686,698,009
21,344,909	-	-	-	134,810,822
1,163,321	-	-	-	1,163,321
<u>22,905,820</u>	<u>1,153,183</u>	<u>45,626</u>	<u>323,447</u>	<u>956,932,740</u>
-	-	-	-	7,548,174
-	-	-	-	54,122,184
11,609,286	-	-	-	34,738,316
-	-	-	-	308,143,214
-	-	-	-	167,177,643
-	-	-	-	172,768,440
-	-	-	-	67,597,373
-	-	-	-	1,932,357
9,082,939	-	-	-	9,082,939
-	47,348,856	-	-	47,348,856
-	27,060,361	-	-	28,134,845
-	-	20,529,499	6,024,715	26,554,214
<u>20,692,225</u>	<u>74,409,217</u>	<u>20,529,499</u>	<u>6,024,715</u>	<u>925,148,555</u>
<u>2,213,595</u>	<u>(73,256,034)</u>	<u>(20,483,873)</u>	<u>(5,701,268)</u>	<u>31,784,185</u>
-	78,929,217	16,813,000	-	99,969,565
-	(2,992)	-	(91)	(99,969,565)
-	<u>78,926,225</u>	<u>16,813,000</u>	<u>(91)</u>	<u>-</u>
2,213,595	5,670,191	(3,670,873)	(5,701,359)	31,784,185
1,784,237	-	(40,916,598)	12,010,800	108,716,706
<u>\$ 3,997,832</u>	<u>\$ 5,670,191</u>	<u>\$ (44,587,471)</u>	<u>\$ 6,309,441</u>	<u>\$ 140,500,891</u>

**ROCHESTER CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Amounts reported for governmental activities in the statement of activities (page 32) are different because:

Net change in fund balances -- total governmental funds (page 38)	\$ 31,784,185
Amortization recorded in the statement of activities that does not use current financial resources is not reported as an expenditure in the funds.	(476,877)
Debt service principal is recorded as an expenditure for governmental funds but is not recorded in the statement of activities. Debt service principal payments are reductions in liabilities.	49,182,188
Financing of retirement expenses are long term obligations recorded in the statement of activities but not in the statement of revenue, expenditures and changes in fund balance [ERS \$2,511,633, TRS \$2,694,992].	5,206,625
The net decrease in long-term debt for governmental funds is not recorded as an expenditure in the governmental funds. Such expenditures for changes in the liabilities for other postemployment benefits, pensions, claims payable and compensated absences are recorded in the statement of net position.	230,220,428
Capital projects expenditures for construction in progress are recorded in the funds as expenditures; such expenditures are not recorded in the statement of activities because they are considered capital assets.	29,027,882
Capital projects expenditures for capital assets and certain equipment and building improvements are recorded in the funds as expenditures. Such expenditures are not recorded in the statement of activities because they are considered capital assets.	5,712,320
Depreciation and amortization is recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(57,786,375)
Depreciation associated with disposed assets is recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	24,713,289
Increase in right to use assets recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances -government funds.	9,319,653
Asset disposals are recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(34,939,937)
Decrease in retainages recorded in the statement of activities and do not use current financial resources are not reported as an expenditure in the funds.	1,655,182
Change in proportionate share of net pension liability reported in the statement of net position do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds [ERS \$15,587,293, TRS \$294,006,605].	309,593,898
Net increase in proportionate share of net deferred inflow and outflow reported in the statement of net position for the difference during the measurement period between the District's contributions and its proportionate share of the total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds [ERS (\$7,181,674), TRS (\$256,330,020)].	(263,511,694)
Net increase in deferred inflow and inflow for post employment benefits (OPEB) reported in the statement of net position do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	(265,318,389)
Decrease in net interest and premiums on bonds and notes is accrued in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	7,907,795
Changes in net position of governmental activities	<u>\$ 82,290,173</u>

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

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
AS OF JUNE 30, 2022**

	<u>Custodial Funds</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ 117,120
Total Assets	<u>117,120</u>
Net Position	
Restricted for High School Extraclassroom Activities	117,120
Total Net Position	<u>\$ 117,120</u>

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

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Custodial Funds
	<u> </u>
Beginning Balance	\$ 92,630
Additions:	
High School Extraclassroom Activities	<u>132,689</u>
Total additions	132,689
Deductions:	
High School Extraclassroom Activities	<u>108,199</u>
Total deductions	<u>108,199</u>
Net decrease in fiduciary net position	<u>24,490</u>
Ending Balance	<u><u>\$ 117,120</u></u>

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Rochester City School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The Board of Education of the District operates the public schools in the City of Rochester, New York (the City). The members of the District's Board of Education are elected by popular vote. The District has no independent power to contract bonded indebtedness or to levy taxes. Although a separately elected Board of Education governs the operations of the District, the City of Rochester Charter states that the budget of the District must be presented to the City Council for approval. The City Charter outlines how the allocation of revenues and debt-incurring power between the City and the District will be conducted. As a result of the City Charter provisions, the District is fiscally dependent upon the City. The City is financially accountable for the District. These financial statements are the result of the District's financial operations for fiscal year July 1, 2021 to June 30, 2022. Of these financial statements, the Statement of Net Position and Statement of Activities are included in the City's financial report, the reporting entity, as a discretely presented component unit.

The reporting entity of the District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

The High School Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The High School Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash balances are reported in the Custodial Fund of the District. Elementary Extraclassroom Activity Funds are dependent on the District staff with respect to administration of its financial transactions, and therefore, the cash balances are reported in the District's General fund. Separate financial statements (cash basis) of the Extraclassroom Activity Funds can be found on pages 111 – 112 of this report.

The Rochester Joint Schools Construction Board (RJSCB) is included in these financial statements as a blended component unit, a governmental fund type. The RJSCB was created through the City of Rochester and the Board of Education of the City School District under the City of Rochester School Facilities Modernization Program Act (the "Act") as authorized by the State of New York through Chapter 416 of the Laws of 2007 of the State of New York and created through an agreement (the "Memorandum of Understanding") dated January 2010 between the City and the District. Pursuant to the Act, the RJSCB undertakes projects consisting of the design, reconstruction, or

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

rehabilitation of existing school buildings for their continued use as schools by the District. Statements of RJSCB can be obtained from the RJSCB's Board Office, located at 70 Carlson Road, Suite 200, Rochester, New York 14610.

B. Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the District. The revenue and expenses from interfund activity has been netted in the process of consolidation.

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

The District reports all direct expenses by function in the Statement of Activities. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included as a direct expense for each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. The District considers all of its governmental funds as major funds and therefore these funds are reported as separate columns in the fund financial statements.

Major Governmental Funds:

General Fund – This fund is the District's general operating fund. This fund is used to account for all financial resources except those required to be accounted for in other funds.

Special Aid Fund – This fund is used to account for special projects and programs supported chiefly with Federal, State and local funds. The proceeds are legally restricted to expenditures for specified purposes.

School Food Service Fund – This fund is used to record the transactions of the District's breakfast, lunch, and milk programs. The proceeds are used for expenditures for specified purposes.

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

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and the purchase of equipment.

Rochester Joint Schools Construction Board (RJSCB) Fund – This fund is used to record the transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The RJSCB is authorized to act as an agent to enter into contracts on behalf of the Board of Education in accordance with applicable state and local laws.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Other Fund Types: Fiduciary funds are used to account for certain trust funds and other custodial funds. These activities are not included in the government-wide financial statements because their resources do not belong to the District and are not available for use.

Custodial Funds – Used for amounts held on behalf of others that are custodial in nature, neither of which are held in trust.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

The District, in general, is normally expected to liquidate liabilities with expendable available financial resources to the extent that the liabilities mature (come due for payment) each period.

The primary sources of revenues that are recognized in the period in which they become available and measurable are: reimbursements from State and Federal governments for expenditures, state aid, charges for tuition services and Medicaid reimbursement.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

New York State General Municipal Law (Article 2 Section 11) governs the City's investment policies on behalf of the District. The City is authorized to deposit or invest funds in banks or trust companies located and authorized to do business in New York State on the District's

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

behalf. City Council ordinance authorizes the specific banks or trust companies that may be used as depositories. Funds generally can be invested in time deposits, certificates of deposit, obligations of the U.S. Government and its agencies, and New York State and its municipalities.

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

All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents.

In addition, income from investments associated with one fund may be assigned to other funds because of legal or contractual provisions. As such, investment income of \$1,153,183 for fiscal year 2021-22, associated with the Capital Projects Fund, was assigned to the Debt Service Fund.

2. Restricted Assets

Certain assets are classified as restricted because their use is limited. The proceeds of bond sales can only be used for the stated purpose of the borrowing. Flexible spending withholdings and donations for scholarships in the General fund, as well as funds supporting extraclassroom activities in the Custodial and General funds are restricted specifically for those purposes. Amounts to support fund balance restrictions are also reported as restricted. For more information on restricted assets, refer to Note IV. A. of this report.

3. Accounts Receivable

Accounts receivable are shown at net of an allowance for uncollectible accounts. No allowance for uncollectible accounts has been established since management has determined that all accounts receivable are considered collectible.

4. Interfund Transactions

The receivables and payables between the funds of the District occur due to operating accounts being maintained by a single fund for deposits and disbursements. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts as a net balance based upon the right of legal offset. For more information on interfund transactions, refer to Note IV. D. of this report.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

5. Inventories

Inventories of food and supplies in the School Food Service fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in the School Food Service fund are accounted for using the purchases method, which records expenditures at the time of purchase. The School Food Service fund recorded \$600,777 in inventory at June 30, 2022. This inventory is classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

6. Capital Assets

Capital assets, which include property, buildings, building improvements, and equipment, are reported in the government-wide financial statements. The District defines capital assets as items with an initial individual cost of more than \$4,999 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or fair value if donated. Any donated capital assets, donated works of art and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Only equipment, new construction, renovations or major additions to buildings are capitalized. All costs of maintenance and repairs are considered as not adding to the value of the asset or materially extending asset lives and are therefore not capitalized. Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	25
Improvements (Other Than Buildings)	20
Equipment	3-10

Lease assets are amortized over the life of the associated contract.

7. Prepaid Items

The District utilizes the consumption method to record prepaid expenditures. As of June 30, 2022, the General fund recorded prepaid expenditures in the amount of \$17,426,301 for charter schools, travel and payroll funding. Additionally, prepayments of \$4,878 were recorded in the RJSCB fund for insurance. These prepayments will be recorded as expenditures during the fiscal year 2022-23. Prepayments are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide Statement of Net Position. Refer to Note V.B. for additional details on deferred pension outflows.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is deferred inflows related to pensions reported in the government-wide Statement of Net Position. The second item is related to other postemployment benefits (OPEB) reported in the government-wide Statement of Net Position. Refer to Note V.C. for additional details on deferred OPEB inflows. Refer to Note V.B. for additional details on deferred pension inflows.

9. Unearned Revenue

The District also received cash in advance of expenditures in the amount of \$2,155,376 for Special Aid fund projects during fiscal year 2021-22. These funds represent receipts for various grants that were not fully spent as of June 30, 2022. As the funds are spent during fiscal year 2022-23, revenue will be recorded.

10. Vested Employee Benefits

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation or death, employees do not receive a payment for any unused, accumulated sick leave as part of their final payroll.

District employees are granted vacation and personal days in varying amounts, based primarily on length of service, service position, and/or bargaining unit. These benefits may be forfeited if not taken within required time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on contractually negotiated rates in effect at year-end.

In the fund statements only, the amount of matured vacation time is accrued within the General fund based on expendable and available resources. Sick time is expensed on a pay-as-you-go basis.

It is the District's policy to permit employees to accumulate earned but unused vacation pay. All vacation pay is accrued and it is based on past employee service and current pay rates in effect at the end of the fiscal year. All vacation pay is accrued when incurred in the fund basis and government-wide financial statements. A liability of \$1,902,831 is recorded on the fund basis balance sheet for compensated absences incurred during fiscal 2021-22, but expected to be paid within 60 days of the end of the fiscal year, and a non-current liability of \$4,239,039 has been recorded on the Statement of Net Position for estimated vacation expense incurred during 2021-22, expected to be paid after 60 days, but within one year of the end of the fiscal year.

11. Postemployment Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. The obligation of the District and its retirees to contribute to the cost of providing these benefits has been established

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

pursuant to Board resolution and various collective bargaining agreements. Payments are budgeted annually without accrual and are based on the pay-as-you go method. For additional information on postemployment health coverage, refer to Note V.C.

12. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums, if any, would be recorded in the Debt Service fund and deposited in the General and/or Rochester Joint Schools Construction Board (RJSCB) fund to be used to retire the respective debt or to fund capital improvement projects. The bond issuance costs are recorded by the City, the reporting entity that issues debt for the District. Issue costs associated with the Facilities Modernization Program are recorded by the RJSCB.

In the fund financial statements, governmental fund types recognize bond principal and interest during the current period. The face amount of the debt issued, as well as any premiums or discounts are reported as other financing sources.

13. Fund Equity

Government-wide Statements: In the government-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy that the District's Board of Education will assess the current financial condition of the District and then determine the order of application of expenditures to which restricted and unrestricted net position will be applied.

Fund Statements: In the fund statements there are five classes of fund balance:

Nonspendable fund balance – consists of amounts that are inherently non-spendable in form or are legally or contractually required to remain intact, such as prepayments and inventory.

Restricted – consists of amounts that are subject to externally enforceable legal constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

authority, the Board of Education (BOE). Formal action via adopted Board Resolution initiated by the BOE is required to establish, expend, modify or rescind fund commitments.

Assigned – consists of amounts that reflect the District’s intended use of resources, imposed on itself by the highest level of decision-making authority, or the BOE’s designated body or official (in the event such a designation is made) under the District’s Fund Balance Policy No. 6500, adopted on August 25, 2011, and amended on March 2, 2021. Assignments reported at June 30, 2022 were recommended to the Board of Education by the District’s Chief Financial Officer.

Unassigned – consists of any net, residual amounts in excess of what can properly be classified in any of the other categories of fund balance or any deficit fund balance in funds other than the General fund.

As per Board of Education policy, the District shall maintain a minimum unrestricted General fund balance between 5% and 15% of the General fund annual operating expenditures. Expenditures are to be spent from restricted fund balance first and then from unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

14. Encumbrances

The District maintains existing arrangements to enter into future transactions or events, such as long-term contractual obligations for goods and services expected to be honored upon performance or delivery by the vendor in the next year. As of June 30, 2022, the District has \$593,983 in General fund encumbrances.

F. Use of Estimates

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

G. Accounting Pronouncements

During the fiscal year ended June 30, 2022, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The District has applied the provisions of GASB Statement No. 87 retroactively for comparative purposes in the MD&A section where noted.

The District has evaluated the provisions of Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates* and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32* and determined that they have no significant impact on the District’s financial statements.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

II. RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds and retainages payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$1,542,191,321) difference are as follows:

Bonds payable	\$ (535,788,499)
Leases payable	(1,064,540)
Compensated absences	(4,239,039)
Other post-employment benefits	(926,531,734)
Due to other governments	(41,333,334)
Claims payable	<u>(33,234,175)</u>
	<u>\$ (1,542,191,321)</u>

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities.

One element of that reconciliation states that, “Debt service principal is recorded as an expenditure for the governmental funds but is not recorded in the statement of activities. Debt service principal payments are reductions in liabilities.” Details of this \$49,182,188 difference are as follows:

Bond principal payments	\$ 47,348,856
Contractual obligation principal payments	<u>1,833,332</u>
	<u>\$ 49,182,188</u>

Another element of that reconciliation states that, “Net decreases in long-term debt for governmental funds is not recorded as an expenditure in governmental funds.” Details of this \$230,220,428 difference are as follows:

Claims payable	\$ (1,105,687)
Other post-employment benefits	232,155,328
Leases payable	(1,064,540)
Compensated absences	<u>235,327</u>
	<u>\$ 230,220,428</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgeting Policy

The budget of the District allocates resources to meet the District’s commitment to educational excellence for all students. The budget period for fiscal year 2021-22 began on July 1, 2021 and ended on June 30, 2022. By City Charter, the Board of Education must submit a balanced budget

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

to the Mayor and City Council for approval. The budget, which includes the General, Special Aid, Debt Service, and School Food Service funds, is prepared on a modified accrual, non-GAAP budget basis and is the only legally adopted annual budget of the District. The reason the budget is prepared on a non-GAAP budget basis is the inclusion of encumbrances as expenditures. Reconciliation of non-GAAP basis budget and actual financial figures is presented in the individual Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – for General, Special Aid, and School Food Service Fund Types, non-GAAP Budget Basis.

The “basis of accounting” determines when a transaction or event is recognized in a fund’s operating statement. The accounts used to record transactions associated with budget utilization are maintained on the modified accrual basis of accounting.

The District’s budget process allocates resources based on assessment, planning, and program initiatives that place emphasis on the needs of students and efforts to foster student academic performance. The Superintendent presents their budget recommendations for the Board of Education’s consideration in April. The Board reviews the Superintendent's Proposed Budget, modifies or directs changes to be made, conducts a public hearing, and adopts the Budget for submission to the Mayor.

Legal spending control for District monies is at the fund level, but management control is exercised at budgetary line item levels within each fund. The fund level is the total amount budgeted for a fund plus revenues in excess of the originally adopted budget and the fund’s unappropriated fund balance. The Board of Education (BOE) authorizes management to make transfers between the various budgetary line items in any fund within the fund level, with the exception of the General fund. In accordance with Policy 6150, adopted February 25, 2021, all General fund transfers in excess of \$500,000 require prior BOE approval.

Amendments to the originally adopted budget, which exceed the legal spending control, would require approval from the Board of Education. Amendments to the originally adopted budget, not exceeding the legal spending control, may also be approved by the Board of Education. The budgetary data presented in the financial statements reflects all approved budget transfers and budget amendments. The approved budget amendments totaled \$306,490,673 for the Special Aid fund. There were no approved amendments during the fiscal year for the General and School Food Service funds.

A system which recognizes an encumbrance of the budget or approval of a purchase order is used for accounting purposes during the fiscal year. In accordance with State requirements, only current year and prior year encumbrances are recorded as part of the fund balance at the end of the fiscal year.

B. Deficit Fund Balance

At June 30, 2022, the Capital Projects Fund has a deficit fund balance of \$44,587,471. The deficit in the Capital Projects fund is the result of the issuance of bond anticipation notes (BANs), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall deficit. This deficit will be eliminated as resources are obtained (e.g. from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

IV. DETAIL NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

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

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$117,120 reported in the Custodial fund restricted for high school extra classroom activities, \$6,773,086 reported in the RJSCB fund primarily comprised of unexpended bond proceeds, \$1,352,080 in the Capital Projects fund comprised of unexpended BAN proceeds, \$4,520,736 in the Debt Service fund for bond sinking fund proceeds, and \$14,957,146 reported in the General fund for funds held in trust for future debt payments, elementary extraclassroom funds, flexible spending withholdings and scholarships.

Cash. At year-end, the District's cash balance, both restricted and nonrestricted, was \$148,541,108. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third party.

Cash Equivalents. At year-end, the District had cash equivalents in the form of money markets at fair value of \$198,967. Cash equivalents were collateralized at 102% with U.S. Government securities held by a third party.

Investment and Deposit Policy – The District follows 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; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City on behalf of the District.

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

Credit Risk – In compliance with New York State law, District investments are limited to obligations of the United States of America, obligations of the State of New York, special time deposit accounts, and certificates of deposit. Obligations of other New York jurisdictions may be included with the approval of the State Comptroller.

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

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

B. Receivables

As of year ended June 30, 2022, management believes the following accounts receivable to be fully collectible within the subsequent fiscal year:

<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Debt Service</u>	<u>RJSCB</u>	<u>Total</u>
\$1,842,024	\$147,772	\$4,664	\$3,021	\$4,835	\$2,002,316

The General fund receivable primarily represents funds due to the District for facilities rental and related utility usage, as well as health plan and union release time reimbursements. The Special Aid fund receivable represents accrued revenues for locally funded grants. The School Food Service fund receivable represents amounts due to the District for food rebates. The Debt Service and RJSCB fund’s receivables were for accrued interest.

C. Capital Assets

1. Significant Construction Commitments

The District, along with the RJSCB, capitalized \$205.5 million of assets during fiscal year 2021-22. These disbursements were for equipment, land, and improvements to various facilities. It is estimated that \$128.4 million will be disbursed by the District in association with its CIP, and \$475.0 million will be disbursed by the RJSCB in association with Phase III of the FMP, on capital asset items during the next five fiscal years.

2. Asset Impairment and Insurance Recoveries

During fiscal year 2021-22, the District had no material asset impairments or insurance recoveries.

3. Accounting and Financial Reporting for Intangible Assets

Internally generated software could be either software that is created in-house or licensed software that requires more than minimal incremental effort to be made operational. All costs are reviewed and, with the assistance of the IT department, segregated into one of three stages: Preliminary Project Stage, Application Development Stage, or Post-Implementation/Operation Stage. Only the licenses and costs associated with the Application Development stage are

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

capitalized. As a general rule, the RCSD employs outside consultants to provide functional assistance in software implementation.

4. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land Improvements	\$ 18,562,083	\$ -	\$ 10,000	\$ 18,552,083
Construction in Progress	186,113,061	29,027,882	199,601,291	15,539,652
Total capital assets not being depreciated	<u>204,675,144</u>	<u>29,027,882</u>	<u>199,611,291</u>	<u>34,091,735</u>
Capital assets being depreciated:				
Buildings & Improvements	1,132,528,208	199,771,716	31,693,569	1,300,606,355
Equipment & Other	57,067,590	5,551,895	3,246,368	59,373,117
Total capital assets being depreciated	<u>1,189,595,798</u>	<u>205,323,611</u>	<u>34,939,937</u>	<u>1,359,979,472</u>
Less accumulated depreciation for:				
Buildings & Improvements	(445,862,244)	(44,664,938)	(21,661,544)	(468,865,638)
Equipment & Other	(43,361,494)	(4,866,324)	(3,051,745)	(45,176,073)
Total accumulated depreciation	<u>(489,223,738)</u>	<u>(49,531,262)</u>	<u>(24,713,289)</u>	<u>(514,041,711)</u>
Total capital assets being depreciated, net	<u>700,372,060</u>	<u>155,792,349</u>	<u>10,226,648</u>	<u>845,937,761</u>
Right to use assets:				
Land Improvements	185,288	148,881	-	334,169
Buildings	3,218,035	-	-	3,218,035
Equipment	5,767,449	-	-	5,767,449
Total right to use assets being amortized ⁽¹⁾	<u>9,170,772</u>	<u>148,881</u>	<u>-</u>	<u>9,319,653</u>
Less accumulated amortization:				
Land Improvements	(75,207)	(74,618)	-	(149,825)
Buildings	(2,065,371)	(989,296)	-	(3,054,667)
Equipment	(3,884,443)	(1,166,178)	-	(5,050,621)
Total accumulated amortization ⁽¹⁾	<u>(6,025,021)</u>	<u>(2,230,092)</u>	<u>-</u>	<u>(8,255,113)</u>
Total right to use assets being amortized, net ⁽¹⁾	<u>3,145,751</u>	<u>(2,081,211)</u>	<u>-</u>	<u>1,064,540</u>
District capital assets, net ⁽¹⁾	<u>\$ 908,192,955</u>	<u>\$ 182,739,020</u>	<u>\$ 209,837,939</u>	<u>\$ 881,094,036</u>

⁽¹⁾ Prior year adjusted for the impacts of GASB 87, Accounting for Leases

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

Instructional teaching regular school	\$ 45,084,674
General support central services	5,216,141
Pupil transportation	1,397,495
Community services	63,044
	<u>\$ 51,761,354</u>

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

D. Interfund Receivables, Payables, and Transfers

1. Interfund Receivables and Payables

The interfund receivables and payables result primarily from using a consolidated cash account and processing reimbursements. These interfund receivables and payables are short-term and are typically repaid in less than one year. The following schedule summarizes interfund receivables and payables at June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 35,242,543	\$ 24,168,772
Special Aid	4,511,457	33,372,315
School Food Service	602,957	753,702
Debt Service	1,146,434	-
Capital Projects	16,792,003	-
RJSCB	-	605
Total	<u>\$ 58,295,394</u>	<u>\$ 58,295,394</u>

2. Interfund Transfers

Transfers are a routine annual event for both the budget and accounting process. Such transfers facilitate annual contributions from operating budgets for debt service and capital projects. The following schedule summarizes interfund transfers at June 30, 2022:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,083	\$ 99,966,482
Special Aid	4,224,265	-
Debt Service	78,929,217	2,992
Capital Projects	16,813,000	-
RJSCB	-	91
Total	<u>\$ 99,969,565</u>	<u>\$ 99,969,565</u>

E. Due from Other Governments

As of year ended June 30, 2022, management believes the following accounts receivable to be fully collectible within the subsequent fiscal year:

<u>Fund</u>	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
General	\$ 6,921,138	\$ 91,243,242	\$ 7,767,879	\$ 105,932,259
Special Aid	4,106,722	14,715,227	30,441,902	49,263,851
School Food Service	891	136,329	4,958,184	5,095,404
Total	<u>\$ 11,028,751</u>	<u>\$ 106,094,798</u>	<u>\$ 43,167,965</u>	<u>\$ 160,291,514</u>

F. Operating Leases

The District engaged in no material operating lease transactions during the fiscal year 2021-22. The District does however, participate in non-exchange, in-kind transactions for health centers whereby primary medical care is provided to students, their families and neighborhood residents in lieu of rent.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

G. Short-Term Debt

Bond Anticipation Notes (BANs)

It has been the District's practice to fund capital construction and improvement projects for up to five years with BANs. BANs are converted to bonds when the final project costs are known and when long-term rates are most favorable, a strategy which minimizes the District's interest costs. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. The amounts issued during fiscal 2021-22 are accounted for in the Capital fund.

The schedule below details the changes in short-term debt for the year ended June 30, 2022:

	Balance June 30, 2021	Issues	Paid	Balance June 30, 2022
BANs (District)	\$ 51,278,000	\$ 15,400,000	\$ 6,813,000	\$ 59,865,000

H. Long-Term Debt

The District's General fund is used to liquidate all long-term liabilities, as well as debt related liabilities. The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2022:

Governmental Activities:	June 30, 2021	Additions	Reductions	June 30, 2022	One Year
Compensated Absences	\$ 4,474,366	\$ 6,336,423	\$ 6,571,750	\$ 4,239,039	\$ 4,239,039
Claims Payable -					
Workers' Compensation	26,878,488	4,906,005	4,050,318	27,734,175	4,320,736
TRS Incentive (Local)	5,250,000	-	1,750,000	3,500,000	1,750,000
Legal Contingencies	-	2,000,000	-	2,000,000	-
Other Post Employment Benefits ⁽¹⁾	1,158,687,062	-	232,155,328	926,531,734	-
Due to Other Governments -					
NYS Lottery Advances	43,166,666	-	1,833,332	41,333,334	9,833,334
NYS ERS Loan Payable	2,511,633	-	2,511,633	-	-
NYS TRS Loan Payable	2,694,992	-	2,694,992	-	-
ERS Pension Liability	219,004	-	219,004	-	-
TRS Pension Liability	43,662,168	-	43,662,168	-	-
General Obligation Bonds -					
District Serial Bonds	87,112,355	-	14,858,856	72,253,499	13,298,869
Premium	8,089,448	-	1,272,985	6,816,463	985,393
School Facilities Revenue Bonds-					
FMP Revenue Bonds	496,025,000	-	32,490,000	463,535,000	30,050,000
Premium	73,968,319	-	6,322,988	67,645,331	6,322,988
Capital Leases ⁽²⁾	3,145,752	148,881	2,230,093	1,064,540	610,782
Total Long Term Liabilities ⁽²⁾	\$ 1,955,885,253	\$ 13,391,309	\$ 352,623,447	\$ 1,616,653,115	\$ 71,411,141

⁽¹⁾ Reductions are presented net of any additions

⁽²⁾ Prior year adjusted for the impacts of GASB 87, Accounting for Leases

Compensated absences paid in fiscal year 2021-22 totaled approximately \$6.1 million, excluding payroll taxes. This amount is reflected in maturities/reductions along with any balance remaining from fiscal year 2020-21. The new issues/additions reflect the new long-term liability at June 30, 2022. The General fund is typically used to liquidate all long-term liabilities, as well as debt

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

related liabilities. The schedule below presents the changes in estimated workers' compensation, which are included in claims payable.

	Workers' Compensation
Estimated claims June 30, 2020	\$ 23,219,472
Additions 2020-21	8,968,861
Payments 2020-21	5,309,845
Estimated claims June 30, 2021	\$ 26,878,488
Additions 2021-22	5,766,881
Payments 2021-22	4,911,194
Estimated claims June 30, 2022	\$ 27,734,175

Also included in claims payable are amounts due to teachers who retired on or before June 30, 2020 under the District's early retirement incentive agreement. These 175 teachers, or their beneficiaries if deceased, have received three of five annual payments of \$10,000 which began in January 2020. For additional information on the District's early retirement incentive, refer to Note V.B.

Legal contingencies are funds for the eventual settlement of Child Victims Act cases filed during the 2020-21 fiscal year. The Child Victims Act, passed into law during 2019, opened a limited filing window for otherwise time-barred claims for sexual abuse, regardless of when the claimed sexual abuse occurred. A current liability of \$9.6 million is recorded in the District's General fund for legal claims; an additional \$2.0 million is recorded as a long term liability for those legal claims expected to be paid subsequent to June 30, 2023.

Due to Other Governments includes two lottery aid advances from the New York State Education Department (SED). The District anticipates payment in full of the first advance in the amount of \$8.7 million during the 2022-23 fiscal year. The ERS and TRS pension loans for deferred contribution amounts from prior years were paid in full during the 2021-22 fiscal year.

During fiscal 2004-05, the SED issued an advance of lottery revenues in the amount of \$20.0 million as part of a special legislative initiative to assist with budget constraints. These funds will be repaid over 30 years at 0% interest. The first annual payment of \$666,666 began in fiscal 2005-06; these payments are recorded as annual deductions to state aid revenue. As part of the 2020-21 New York State Budget, Article VII – Education, Part C, adopted in April 2020, the District became eligible for, and received in May 2020, an additional advance of lottery revenues in the amount of \$35.0 million in response to a \$42.4 general operating fund deficit that occurred in 2018-19. These funds will also be repaid over 30 years at 0% interest. The first annual payment of \$1,166,667 began in fiscal 2020-21; these payments are also recorded as annual deductions to state aid revenue.

During fiscal 2013-14, in an effort to manage steeply rising pension costs, the District elected to participate in the ERS and TRS Contribution Stabilization Programs ("pension smoothing programs"). These programs enabled the District to defer a portion of their required contributions for repayment in future years. Due to favorable plan rates in subsequent years, the District opted out of the ERS program in 2015-16 and the TRS program in 2016-17. As a result, a TRS loan for the amount deferred was incurred. This loan is repayable in five annual installments of \$2.7 million, including interest, which began in 2017-18. Final payment was made during 2021-22. Similarly, an ERS loan payable totaling \$2.5 million at June 30, 2021 is being repaid in ten annual installments of approximately \$0.7 million, including interest, which

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

began in 2015-16. The District opted to pay this ERS loan in full during fiscal 2021-22. The final payoff amount was approximately \$2.5 million.

On May 27, 2020, the City of Rochester issued \$40,370,000 in general obligation bonds of which \$27,920,777 were issued on behalf of the District, with an interest rate of 1.27% to refund \$39,720,000 of outstanding Series 2008B, Series 2009C1 and Series 2012SI bonds of which \$25,585,000 were refunded on behalf of the District. The 2008B Series was a current refunding of \$4,765,000 of which \$3,655,000 was on behalf of the District with an average interest rate of 3.60%. 2009C1 Series was a current refunding of \$13,245,000 of which \$11,915,000 was on behalf of the District with an average interest rate of 3.54%. Series 2012SI was a current refunding of \$21,710,000 of which \$10,015,000 was on behalf of the District with an average interest rate of 1.68%. The net proceeds of \$40,294,000 (after payment of \$71,000 in underwriting fees, insurance and other insurance costs), of which the District's share of the net proceeds was \$25,970,000 (after the payment of \$46,000 in underwriting fees, insurance and other issuance costs), were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The bonds were refunded to take advantage of interest rates that were at an unprecedented low. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) of the total debt is \$1,528,000 of which the District's share is \$1,084,000 (\$226,000 for Series 2008B, \$600,000 for Series 2009C1, and \$258,000 for Series 2012SI).

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for the period equivalent to one-half of the period of probable usefulness for each improvement as defined by New York State Local Finance Law. Interest rates range from 1.27% to 5.00%. School facility revenue bonds are bonds issued at 5% interest for the School Modernization Program (FMP) for which the District's State Aid is pledged. The original amounts of these bonds outstanding at June 30, 2022 are as follows:

Series	Issue Amount	Maturity Date	2021-22 Rate	Series	Issue Amount	Maturity Date	2021-22 Rate
RCSD General Obligation Bonds				JSCB School Facility Revenue Bonds			
2012 III	9,640,000	02/15/25	2.25	2012A	66,190,000	05/01/22	5.00
2012 IV	7,525,000	10/15/21	4.00	2012B	57,910,000	05/01/28	4.18
2012 V	14,965,000	02/15/22	4.00	2013	103,055,000	05/01/30	5.00
2013 II	27,015,000	02/01/29	5.00	2015	44,225,000	05/01/31	5.00
2015 I	18,880,000	08/01/30	5.00	2017	123,670,000	05/01/33	5.00
2016 I	17,271,400	10/15/24	4.00	2018	197,295,000	05/01/35	5.00
2018 II	45,012,000	08/01/33	4.00	2020	44,685,000	05/01/35	5.00
2020	25,920,777	08/01/27	1.27				

Pursuant to the City of Rochester Charter, the District's debt limit is 3.5% or 9% of the five-year valuation, or a debt limit of \$258,759,534 as of June 30, 2022. The District had \$30,965,000 of authorized but unissued debt as of June 30, 2022. The debt-contracting margin of the District as of June 30, 2022 was \$126,641,035.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The District paid no arbitrage to the Federal Government during 2021-22. Arbitrage rebates pertain to tax-exempt bonds and certain profits earned by investing the proceeds of such tax-exempt bonds. Long-term indebtedness will be funded by the General fund.

The following long-term debt service requirements schedule is recorded at gross amounts (000's omitted) for District and RJSCB Serial Bond payments outstanding as of June 30, 2022:

Fiscal Year Ending June 30	District Principal	District Interest	JSCB Principal*	JSCB Interest	Total
2023	\$ 13,299	\$ 2,296	\$ 30,050	\$ 22,700	\$ 68,345
2024	11,429	1,910	31,565	21,197	66,101
2025	7,828	1,601	33,160	19,619	62,208
2026	7,140	1,353	34,830	17,961	61,284
2027	6,522	1,102	36,590	16,219	60,433
2028-32	22,960	2,516	234,630	48,434	308,540
2033-37	3,075	110	62,710	5,138	71,033
	<u>\$ 72,253</u>	<u>\$ 10,888</u>	<u>\$ 463,535</u>	<u>\$ 151,268</u>	<u>\$ 697,944</u>

The District entered into lease agreements as lessee for financing the use of land, buildings and equipment. The land has an indefinite useful life, the buildings and equipment have an average, estimated useful life of about 5 years. These lease agreements qualify as capital leases for accounting purposes. The total of the District's leased assets is recorded at a cost of \$9,319,653, less accumulated depreciation of \$8,255,113.

V. OTHER INFORMATION

A. Risk Financing

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

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

There has been no significant reduction in coverage from the previous year and there have been no settlements in excess of coverage in any of the prior three fiscal years.

The District provides to its employees hospitalization, medical, dental, and life insurance through various insurance programs. Effective January 1, 2013, the District transitioned from an experience-rated to a self-funded health insurance plan. These programs are administered by the Department of Employee Benefits. A current liability of \$4,866,221 has been recorded in the District's general fund for estimated health insurance claims expense incurred but not paid during 2021-22.

Effective fiscal 2014-15, the District's student accident program is no longer self-insured. The District currently maintains a student accident insurance policy with a third-party insurance company.

The District uses the general fund to account for its current risk financing activities. The District has not had any material insurance settlements that were not covered by the District's insurance coverages over the past three years. Immaterial insurance losses that may not be covered by the District's insurance coverage would be covered through the District's operating budget.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The schedule below presents the calculation of the District’s estimated claims at June 30, 2022 for its self-insured programs that are due within one year. The estimated claims for workers’ compensation represent claims which have occurred and are open, waiting for an actual or future final determination of benefit payout as prescribed by the New York State Workers’ Compensation Board and the estimated claims for health insurance represent claims incurred during 2021-22 that are expected to be paid within the subsequent fiscal year.

	Workers' Compensation	Health Insurance
Estimated claims July 1, 2020	\$ 6,015,374	\$ 4,093,000
Claims incurred 2020-21	5,495,352	90,771,565
Payments and reductions 2020-21	5,309,845	88,811,565
Estimated claims June 30, 2021	\$ 6,200,881	\$ 6,053,000
Estimated claims July 1, 2021	\$ 6,200,881	\$ 6,053,000
Claims incurred 2021-22	2,170,173	95,731,005
Payments and reductions 2021-22	4,050,318	96,917,784
Estimated claims June 30, 2022	\$ 4,320,736	\$ 4,866,221

A current liability of \$4,320,736 and a non-current liability of \$23,413,439 for estimated future claims for the self-insured workers’ compensation program have been recorded on the Statement of Net Position.

The District has been self-insured since 1978 for workers’ compensation. This program is managed by a third-party administrator. The District does not purchase stop loss insurance for this, so it is at full risk for all claim payments.

As mentioned previously, the District became self-insured for health insurance coverage effective January 1, 2013. The District’s health insurance is administered by a third-party administrator. The District purchases stop loss insurance to reimburse the District for individual claims in excess of \$500,000.

B. Pension Obligations

New York State and Local Employees’ Retirement System (ERS) and the New York State Teachers’ Retirement System (TRS) (the Systems).

1. Provisions and Administration

Teachers’ Retirement System (TRS)

The District participates in the New York State Teachers’ Retirement System (TRS), a cost sharing, multiple employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contributed 3 percent of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 contribute 3.0 to 3.5 percent of their salary and employees who joined on or after April 1, 2012 contribute 3.0 to 6.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

3. Pension Asset, Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset for its proportionate share of the net pension asset for each of the Systems. The net pension asset was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the Systems, relative to the projected contributions of all participating members, actuarially determined.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>ERS</u>	<u>TRS</u>
Measurement date	03/31/2022	6/30/2021
Net pension (asset)/liability	\$ (15,368,289)	\$ (250,344,437)
District's portion of the Plan's total net pension liability	0.1880008%	1.444652%
Change in proportionate share since prior measurement date	-0.031940	-0.135438

For the year ended June 30, 2022, the District recognized pension expenses of (\$12,901,367), for TRS and \$1,464,482 for ERS, net of deferrals or graded payments. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,163,862	\$ 34,507,325	\$ 1,509,595	\$ 1,300,646
Changes of assumptions	25,647,951	82,343,518	432,781	14,581,825
Net difference between projected and actual earnings on pension plan investments	-	-	50,324,708	262,011,355
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,505,818	11,500,403	3,406,442	3,599,907
District's contributions subsequent to the measurement date	2,031,054	24,726,806	-	-
Total	<u>\$ 32,348,685</u>	<u>\$ 153,078,052</u>	<u>\$ 55,673,526</u>	<u>\$281,493,733</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>Year Ended</u>	<u>TRS</u>
6/30/2023	\$ (3,507,826)	6/30/2023	\$ (30,865,643)
6/30/2024	(5,525,753)	6/30/2024	(36,584,899)
6/30/2025	(13,330,664)	6/30/2025	(46,904,611)
6/30/2026	(2,991,652)	6/30/2026	(61,531,246)
6/30/2027	-	6/30/2027	13,719,697
Thereafter	-	Thereafter	9,024,211

4. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	03/31/22	06/30/21
Actuarial valuation date	04/01/21	06/30/20
Interest rate	5.9%	6.95%
Salary scale	6.2%	1.95% - 5.18%
Inflation rate	2.7%	2.4%
Cost of living adjustments	1.4%	1.3%

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return. Expected future real rates of return are weighted by each of the target asset allocation percentages, and then expected inflation is added. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
	3/31/2022	6/30/2021	3/31/2022	6/30/2021
Domestic equity	32.0%	33.00%	3.3%	6.8%
International equity	15.0	16.00	5.9	7.6
Global equity	-	4.00	-	7.1
Real estate equity	9.0	11.00	5.0	6.5
Private equity	10.0	8.00	6.5	10.0
Domestic fixed income	23.0	16.00	-	1.3
Global bonds	-	2.00	-	0.8
Private debt	-	1.00	-	5.9
Real estate debt	-	7.00	-	3.3
High-yield bonds	-	1.00	-	3.8
Cash equivalents	1.0	1.00	(1.0)	(0.2)
Absolute return strategies	4.0	-	3.8	-
Opportunistic portfolio	3.0	-	4.1	-
Real assets	3.0	-	5.6	-
Total	<u>100.0%</u>	<u>100.0%</u>		

5. Discount Rate

The discount rate used to calculate the total pension (asset)/liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

The following tables present the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower (4.90% for ERS and 5.95% for TRS) or one percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension (asset)/liability	\$ 39,557,809	\$ (15,368,289)	\$ (61,311,320)
TRS	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension (asset)/liability	\$ (26,269,998)	\$ (250,344,437)	\$ (438,662,743)

7. Pension Plan Fiduciary Net Position

The components of the current-year collective net pension liability of the employers as of the respective measurement dates, were as follows:

	ERS	TRS
Measurement date	03/31/22	06/30/21
Employers' total pension (asset)/liability	\$ 223,874,888	\$ 130,819,415
Plan net position	232,049,473	148,148,457
Employers' net pension (asset)/liability	\$ (8,174,585)	\$ (17,329,042)
Ratio of plan net position to the employers' total pension liability	103.65%	113.25%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions were approximately \$2,031,054 and \$438,137 for employee contributions and an employer graded payment, respectively, and employee accrued retirement contributions were \$196,488 as of June 30, 2022. An employer graded payment occurs when contribution rates drop below the thresholds stated within the Chapter 57 Laws of 2010 Contribution Stabilization Plan.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

the TRS System. Employer accrued retirement contributions were \$24,726,431 and employee accrued retirement contributions were \$2,462,201 as of June 30, 2022.

9. Teacher’s Retirement Incentive

On March 15, 2019, the District entered into an agreement with the Rochester Teachers’ Association whereby eligible members will receive \$50,000 payable at the rate of \$10,000 annually for five consecutive years beginning no later than January 1, 2020 and ending no later than January 31, 2024. As of June 30, 2022, a liability of \$3,500,000 was accrued on the government-wide financial statements for this purpose.

C. Postemployment Health Care Benefits

1. Plan Description

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

2. Funding Policy

The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement.

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

3. Employees Covered by Benefit Terms

As of the June 2022 census, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3,184
Inactive employees entitled to but not yet receiving benefit payments	781
Active employees	5,370
Total	9,335

The District’s total OPEB liability of \$926,531,734 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Salary Increases	3.0% average, including inflation
Discount Rate	3.77%
Healthcare Cost Trend Rates	7.0% for 2023, with a reduction of 0.25% per year and an ultimate rate of 4.5% in 2033 and years thereafter.

The discount rate was based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices as of June 30, 2022.

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

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

5. Changes in the Total OPEB Liability

Balance at July 1, 2021	\$ 1,158,687,062
Changes for the year:	
Service Cost	20,004,692
Interest	43,074,238
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(262,965,613)
Benefit payments	(32,268,645)
Net changes	<u>(232,155,328)</u>
Balance at June 30, 2022	<u>\$ 926,531,734</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.09 percent in fiscal year 2020-21 to 3.77 percent in fiscal year 2021-22.

6. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.77%) or one percentage point higher (4.77%) than the current discount rate.

	1% Decrease 2.77%	Current Discount Rate 3.77%	1% Increase 4.77%
Total OPEB Liability	\$ 1,111,277,700	\$ 926,531,734	\$ 786,064,962

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

7. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	Healthcare Cost Trend Rates		
	Trend Rate Less 1% - 6.0%	Current Discount Rate - 7.0%	Trend Rate Plus 1% - 8.0%
	Total OPEB Liability	\$ 770,914,137	\$ 926,531,734

8. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$65,431,706. A summary of net deferred inflows and outflows for the 2021 plan year valuation is as follows:

Year Ended	Deferred Outflows / (Inflows)
6/30/2020	\$ 98,252,260
6/30/2021	58,300,658
6/30/2022	(226,843,963)
Total	\$ (70,291,045)

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

Fiscal Year End Date	Beginning of Year Unamortized Balance	Recognition of OPEB Amortization Expense	End of Year Unamortized Balance
6/30/2022			\$ (70,291,045)
6/30/2023	\$ (70,291,045)	\$ 2,352,776	\$ (72,643,821)
6/30/2024	\$ (72,643,821)	\$ 2,352,776	\$ (74,996,597)
6/30/2025	\$ (74,996,597)	\$ 2,352,776	\$ (77,349,373)
6/30/2026	\$ (77,349,373)	\$ (4,197,376)	\$ (73,151,997)
6/30/2027	\$ (73,151,997)	\$ (26,916,284)	\$ (46,235,713)
6/30/2028	\$ (46,235,713)	\$ (36,121,650)	\$ (10,114,063)
6/30/2029	\$ (10,114,063)	\$ (10,114,063)	-

9. Medical Reimbursement Account

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

Effective January 1, 2002, the District established a Medical Reimbursement Account (MRA) for qualified retirees per the collective bargaining agreement between the District and Association of Supervisors and Administrators of Rochester for an attendance incentive. During fiscal year 2021-22, MRA claims totaling \$26,086 were paid by the District and at June 30, 2022, there were thirty-five active participants.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

D. The Rochester Joint Schools Construction Board

The Rochester Schools Act Special Legislation created the Joint Schools Construction Board (the RJSCB) which serves as agent for both the City of Rochester, and the Rochester City School District. The City of Rochester, New York (the “City”) and the City School District of Rochester New York (the “District”) entered into a cooperative agreement in January 2010 to cooperate with the Rochester Joint Schools Construction Board (the “RJSCB”). The RJSCB oversees the Facilities Modernization Program (FMP). The FMP will be executed in three or more phases. Phase I is complete and totaled \$325.2 million in school renovation expenditures (including EXCEL Grants, QSCB funding, and energy rebates), in seventeen bonded projects across twelve schools. Authorizing legislation for Phase II was approved in December 2014 for a total bonded cost not to exceed \$435.0 million in four sub-phases (Phase IIA to Phase IID) for the renovation of thirteen school buildings and a district-wide technology project implemented in two parts. Phase II planning and design began in 2016 and construction began in June 2017. Final completion of all Phase II projects was in the year 2022. Legislation authorizing Phase III was signed into law by the Governor in November 2021. It authorizes up to 12 building projects at a cost of up to \$475 million. Bonds totaling \$475 million are anticipated to be issued in association with Phase III over the next five years.

E. Contingent Liabilities

The District is typically a respondent/defendant in various claims and lawsuits arising from alleged personal injuries, property damages, civil rights violations, employment/labor matters, and construction contract disputes. The number of such claims and lawsuits, from the Notice of Claim stage through the end of the appellate process, varies as new claims are served and other matters concluded by motion, judgment, settlement or expiration of the statute of limitations throughout the year. The final outcomes of these claims and lawsuits in a given year cannot be predicted with any degree of accuracy. A liability is reported in the governmental funds financial statements in the amount of \$9.6 million relative to 24 separate cases that were pending as of June 30, 2022. An additional \$2.0 million is reported in the government wide financial statements relative to 4 separate cases pending as of June 30, 2022, but not expected to be settled or paid in the subsequent fiscal year.

In the normal course of building renovation, a site containing asbestos or lead paint may be disturbed. The District maintains contracts with professional asbestos abatement and remediation specialists to handle these occurrences. As of the fiscal year ended June 30, 2022, the District has reserved and encumbered approximately \$70,219 in asbestos abatement and air monitoring related contracts for active renovation projects. The District has evaluated and determined that there are no other specific pollution related obligations as of June 30, 2022. As a precaution, as of June 30, 2022 the District has set aside an additional \$19,747 in funds which could be used for other pollution remediation obligations should the need arise. The District has also recorded a total of \$16,729,289 in construction commitments for projects not yet completed.

The District participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

F. Related Party Transactions

The District receives certain services from vendors in which a board member(s) is a vested employee. These services amounted to approximately \$0.3 million for the year ended June 30, 2022 for the Community Place of Greater Rochester. At June 30, 2022, the District had approximately \$22,000 in outstanding accounts payable with this Board affiliated organization.

G. Calculation of Net Investment in Capital Assets

Capital assets		\$ 1,403,390,860
Add: Deferred charges on refunding bonds	\$ 1,243,323	
Less: Depreciation of capital assets	(514,041,711)	
Amortization of capital leases	(8,255,113)	
Related outstanding debt	<u>(663,054,667)</u>	
		<u>(1,184,108,168)</u>
Net investment in capital assets		<u>\$ 219,282,692</u>

The related outstanding debt comprises the following:

Bonds payable	\$535,788,499
BANs payable	59,865,000
Capital leases payable	1,064,540
Unamortized premiums	<u>74,461,794</u>
	671,179,833
Less: Unspent proceeds	<u>(8,125,166)</u>
	<u>\$ 663,054,667</u>

VI. Subsequent Events

As part of the District’s ongoing capital improvement program, the City issued \$16,030,000 in BANs and \$50,355,000 in bonds on behalf of the District on August 2, 2022. The City received a net interest rate of 2.205% on the BANs and 2.98 % on the bonds. The proceeds from this debt will be used to pay for construction improvements in association with the District’s annual capital improvement program (CIP).

These financial statements have not been updated for subsequent events occurring after December 6, 2022 which is the date these financial statements were made available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
NEW YORK STATE EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEM PENSION PLANS
LAST TEN FISCAL YEARS**

ERS

Fiscal Year	Contractually Required Contribution (CRC)	Contributions in Relation to the CRC	Contribution Deficiency	District's Covered Payroll	Contributions as a Percentage of Employee Payroll
2012-13	\$ 13,461,358	\$ 13,461,358	\$ -	\$ 59,614,805	22.6%
2013-14	13,111,553	9,230,734	3,880,819	63,887,220	14.4
2014-15	12,000,409	10,215,980	1,784,429	67,349,479	15.2
2015-16	11,038,633	11,038,633	-	71,202,250	15.5
2016-17	10,509,790	10,509,790	-	71,275,520	14.7
2017-18	10,164,926	10,164,926	-	74,549,710	13.6
2018-19	10,440,218	10,440,218	-	78,218,777	13.3
2019-20	10,528,887	10,528,887	-	76,603,972	13.7
2020-21	10,511,817	10,511,817	-	66,084,053	15.9
2021-22	10,283,683	10,283,683	-	76,329,923	13.5

TRS

Fiscal Year	Contractually Required Contribution (CRC)	Contributions in Relation to the CRC	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Employee Payroll
2012-13	\$ 27,910,410	\$ 27,910,410	\$ -	\$ 220,616,307	12.7%
2013-14	41,505,107	36,090,287	5,414,820	248,109,334	14.5
2014-15	43,807,308	35,310,739	8,496,569	253,838,859	13.9
2015-16	33,798,963	36,016,542	(2,217,579)	259,214,370	13.9
2016-17	30,022,528	30,022,528	-	258,258,210	11.6
2017-18	27,173,940	27,173,940	-	278,944,724	9.7
2018-19	30,530,120	30,530,120	-	289,068,585	10.6
2019-20	23,761,757	23,761,757	-	270,575,967	8.8
2020-21	23,326,670	23,326,670	-	247,343,709	9.4
2021-22	24,726,806	24,726,806	-	253,818,074	9.7

The note to the Required Supplementary Information is an integral part of this schedule.

**ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF RETIREMENT SYSTEM PENSION PLANS
LAST EIGHT FISCAL YEARS**

ERS				
	2014-15	2015-16	2016-17	2017-18
District's proportion of the net pension asset (liability)	0.237995%	0.233961%	0.227483%	0.2346815%
District's proportionate share of the net pension asset (liability)	\$ (8,040,052)	\$ (37,551,307)	\$ (21,374,772)	\$ (7,574,216)
District's covered payroll	\$ 67,496,597	\$ 68,559,466	\$ 73,490,258	\$ 73,552,764
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-11.91%	-54.77%	-29.09%	-10.30%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.90%	90.70%	94.70%	98.20%
	2018-19	2019-20	2020-21	2021-22
District's proportion of the net pension asset (liability)	0.225176%	0.232791%	0.219941%	0.188001%
District's proportionate share of the net pension asset (liability)	\$ (15,954,426)	\$ (61,644,392)	\$ (219,004)	\$ 15,368,289
District's covered payroll	\$ 77,313,327	\$ 77,742,850	\$ 66,905,454	\$ 72,552,216
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-20.64%	-79.29%	-0.33%	21.18%
Plan fiduciary net position as a percentage of the total pension asset (liability)	96.27%	86.40%	99.95%	103.25%
TRS				
	2014-15	2015-16	2016-17	2017-18
District's proportion of the net pension asset (liability)	1.729107%	1.663625%	1.651834%	1.616517%
District's proportionate share of the net pension asset (liability)	\$ 192,611,736	\$ 172,797,638	\$ (17,691,830)	\$ 12,287,138
District's covered payroll	\$ 248,109,334	\$ 253,838,859	\$ 259,214,370	\$ 258,258,210
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	77.63%	68.07%	-6.83%	4.76%
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.50%	110.50%	99.01%	100.66%
	2018-19	2019-20	2020-21	2021-22
District's proportion of the net pension asset (liability)	1.702297%	1.722286%	1.580090%	1.444652%
District's proportionate share of the net pension asset (liability)	\$ 30,782,021	\$ 44,745,114	\$ (43,662,168)	\$ 250,344,437
District's covered payroll	\$ 278,944,724	\$ 289,068,585	\$ 270,575,967	\$ 247,343,709
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	11.04%	15.48%	-16.14%	101.21%
Plan fiduciary net position as a percentage of the total pension asset (liability)	101.53%	102.20%	97.80%	113.25%

Note: This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

The note to the Required Supplementary Information is an integral part of this schedule.

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB RELATED LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2017-18	2018-19	2019-20	2020-21	2021-22
Measurement date	06/30/18	06/30/19	06/30/20	06/30/21	06/30/22
Service cost	\$ 11,370,042	\$ 11,711,143	\$ 26,084,486	\$ 29,974,745	\$ 20,004,692
Interest	28,584,477	29,030,620	20,558,676	21,695,253	43,074,238
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	-	-	-	-
Changes of assumptions or other inputs	-	-	176,854,069	82,848,304	(262,965,613)
Benefit payments	(27,444,204)	(26,970,932)	(28,267,777)	(27,763,286)	(32,268,645)
Net change in total OPEB liability	12,510,315	13,770,831	195,229,454	106,755,016	(232,155,328)
Total OPEB liability - beginning	830,421,446	842,931,761	856,702,592	1,051,932,046	1,158,687,062
Total OPEB liability - ending	<u>\$ 842,931,761</u>	<u>\$ 856,702,592</u>	<u>\$ 1,051,932,046</u>	<u>\$ 1,158,687,062</u>	<u>\$ 926,531,734</u>
Covered payroll ⁽¹⁾	\$ 328,621,551	\$ 322,848,701	\$ 303,386,734	\$ 303,386,734	\$ 321,008,380
Total OPEB liability as a percentage of covered payroll	256.51%	265.36%	346.73%	381.92%	288.63%

Note: This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes

⁽¹⁾ Covered payroll for 20/21 obtained from actuarial report; information is updated bi-annually.

The note to the Required Supplementary Information is an integral part of this schedule.

**ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
REVENUES				
Local Sources:				
Use of Money and Property	\$ 20,000	\$ 20,000	\$ 323,382	\$ 303,382
Charges for Services	2,310,000	2,310,000	2,659,682	349,682
Sale of Property & Compensation for Loss	2,030,000	2,030,000	1,194,967	(835,033)
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Other	5,930,096	5,930,096	5,853,261	(76,835)
State Sources	650,740,333	650,740,333	636,534,411	(14,205,922)
Federal Sources	27,044,263	27,044,263	26,626,049	(418,214)
Total Revenues	<u>807,174,692</u>	<u>807,174,692</u>	<u>792,291,752</u>	<u>(14,882,940)</u>
EXPENDITURES				
Current:				
General Support:				
Staff	7,599,189	6,279,822	5,641,125	638,697
Central Services	40,973,104	44,089,381	42,235,889	1,853,492
Other	9,482,497	14,813,407	12,205,999	2,607,408
Instructional				
Teaching -- Regular School	245,094,958	235,006,934	215,832,557	19,174,377
Special Apportionment Programs	128,338,633	125,940,147	107,579,100	18,361,047
Other	75,783,310	81,958,939	68,149,735	13,809,204
Pupil Transportation	77,504,583	76,702,644	61,539,939	15,162,705
Community Services	212,607	418,244	234,846	183,398
Employee Benefits				
Retirement	33,077,779	34,031,313	33,729,536	301,777
Social Security	22,978,014	22,648,507	21,104,931	1,543,576
Health Insurance	86,009,533	83,465,219	80,820,173	2,645,046
Workers' Compensation	5,198,538	5,133,124	3,903,614	1,229,510
Other	7,085,246	5,910,309	4,813,905	1,096,404
Debt Service	7,887,484	3,887,484	1,074,484	2,813,000
Total Expenditures	<u>747,225,475</u>	<u>740,285,474</u>	<u>658,865,833</u>	<u>81,419,641</u>
Excess of Revenues Over Expenditures	<u>59,949,217</u>	<u>66,889,218</u>	<u>133,425,919</u>	<u>66,536,701</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	33,100,000	33,100,000	3,083	(33,096,917)
Transfers Out	(93,049,217)	(99,989,218)	(99,966,482)	22,736
Total Other Financing Sources (Uses)	<u>(59,949,217)</u>	<u>(66,889,218)</u>	<u>(99,963,399)</u>	<u>(33,074,181)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>33,462,520</u>	<u>\$ 33,462,520</u>
Encumbrances Included in Actual			593,983	
Excess of Revenues and Other Sources Over Expenditures and Other Uses			<u>34,056,503</u>	
Expenditure of Prior Years' Encumbrances			(783,872)	
Excess of Revenues and Other Sources Over Expenditures and Other Uses			<u>33,272,631</u>	
Fund Balance -- Beginning of Year			<u>135,838,267</u>	
Fund Balance -- End of Year			<u>\$ 169,110,898</u>	

**ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SPECIAL AID FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Special Aid Fund				
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Local Sources	\$ 7,504,079	\$ 8,253,784	\$ 3,601,960	\$ (4,651,824)
State Sources	58,581,480	56,490,690	49,771,088	(6,719,602)
Federal Sources	55,780,199	363,611,957	86,839,864	(276,772,093)
Total Revenues	121,865,758	428,356,431	140,212,912	(288,143,519)
EXPENDITURES				
Current:				
General Support				
Central Services	-	10,591,303	824,813	9,766,490
Other	2,761,953	45,754,158	8,458,216	37,295,942
Instructional				
Teaching -- Regular School	50,367,111	101,587,671	50,775,370	50,812,301
Special Apportionment Programs	23,616,169	41,769,095	20,699,747	21,069,348
Other	18,737,188	148,393,905	35,684,050	112,709,855
Pupil Transportation	1,384,703	19,660,321	3,407,464	16,252,857
Community Services	1,499,372	2,743,257	1,182,198	1,561,059
Employee Benefits				
Retirement	5,693,111	15,978,094	5,546,137	10,431,957
Social Security	4,088,263	11,953,789	4,162,945	7,790,844
Health Insurance	12,093,653	23,240,028	11,361,054	11,878,974
Workers' Compensation	841,017	2,391,830	901,533	1,490,297
Other	783,218	4,292,980	1,433,650	2,859,330
Total Expenditures	121,865,758	428,356,431	144,437,177	283,919,254
Excess (Deficiency) of Revenues Over Expenditures	-	-	(4,224,265)	(4,224,265)
OTHER FINANCING SOURCES				
Transfers In	-	-	4,224,265	4,224,265
Total Other Financing Sources	-	-	4,224,265	4,224,265
Excess of Revenues and Other Sources Over Expenditures – Budget Basis	\$ -	\$ -	-	\$ -
Fund Balance – Beginning of Year			-	
Fund Balance – End of Year			\$ -	

The note to the Required Supplementary Information is an integral part of this schedule.

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SCHOOL FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	School Food Service Fund			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance With</u>
	<u>Budget</u>	<u>Budget</u>		<u>Final Budget</u>
REVENUES				
Local Sources				
Other	\$ 20,000	\$ 20,000	\$ 5,080	\$ (14,920)
State Sources	514,000	514,000	392,510	(121,490)
Federal Sources	23,426,459	23,426,459	22,508,230	(918,229)
Total Revenues	<u>23,960,459</u>	<u>23,960,459</u>	<u>22,905,820</u>	<u>(1,054,639)</u>
EXPENDITURES				
General Support				
Other	20,060,585	20,060,585	17,603,844	2,456,741
Employee Benefits				
Retirement	1,024,822	1,024,822	929,181	95,641
Social Security	483,944	583,944	538,951	44,993
Health Insurance	2,190,000	2,000,000	1,400,389	599,611
Workers' Compensation	101,217	151,217	112,152	39,065
Other	99,891	139,891	107,708	32,183
Total Expenditures	<u>23,960,459</u>	<u>23,960,459</u>	<u>20,692,225</u>	<u>3,268,234</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>2,213,595</u>	<u>2,213,595</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other				
Sources Over Expenditures -- Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>2,213,595</u>	<u>\$ 2,213,595</u>
Fund Balance -- Beginning of Year			1,784,237	
Fund Balance -- End of Year			<u>\$ 3,997,832</u>	

The note to the Required Supplementary Information is an integral part of this schedule.

**ROCHESTER CITY SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Factors Affecting Trends in Postemployment Benefits and Pensions

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 under GASB Statement No. 75, to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go-basis.

The District's OPEB liability decreased by \$232.2 million in 2021-22. This was primarily due to an increase in discount rate from 2.09% in prior year to 3.77% in the current year. Factors in effect at each measurement date are as follows:

	Discount Rate	Salary Scale	Ultimate Healthcare Cost Trend Rate
Year ended June 30:			
2017-18	3.50%	3.00%	5.00%
2018-19	3.50%	3.00%	5.00%
2019-20	2.44%	3.00%	4.50%
2020-21	2.09%	3.00%	4.50%
2021-22	3.77%	3.00%	4.50%

The District's proportionate share of the net pension asset of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement systems invest in. The discount rate in effect at each measurement date is as follows:

	TRS	ERS
Year ended June 30:		
2014-15	8.00%	7.50%
2015-16	8.00%	7.50%
2016-17	7.50%	7.00%
2017-18	7.25%	7.00%
2018-19	7.25%	7.00%
2019-20	7.10%	6.80%
2020-21	7.10%	5.90%
2021-22	6.95%	5.90%

INTERNAL CONTROL AND COMPLIANCE

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

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of the
Rochester City School District
Rochester, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rochester City School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

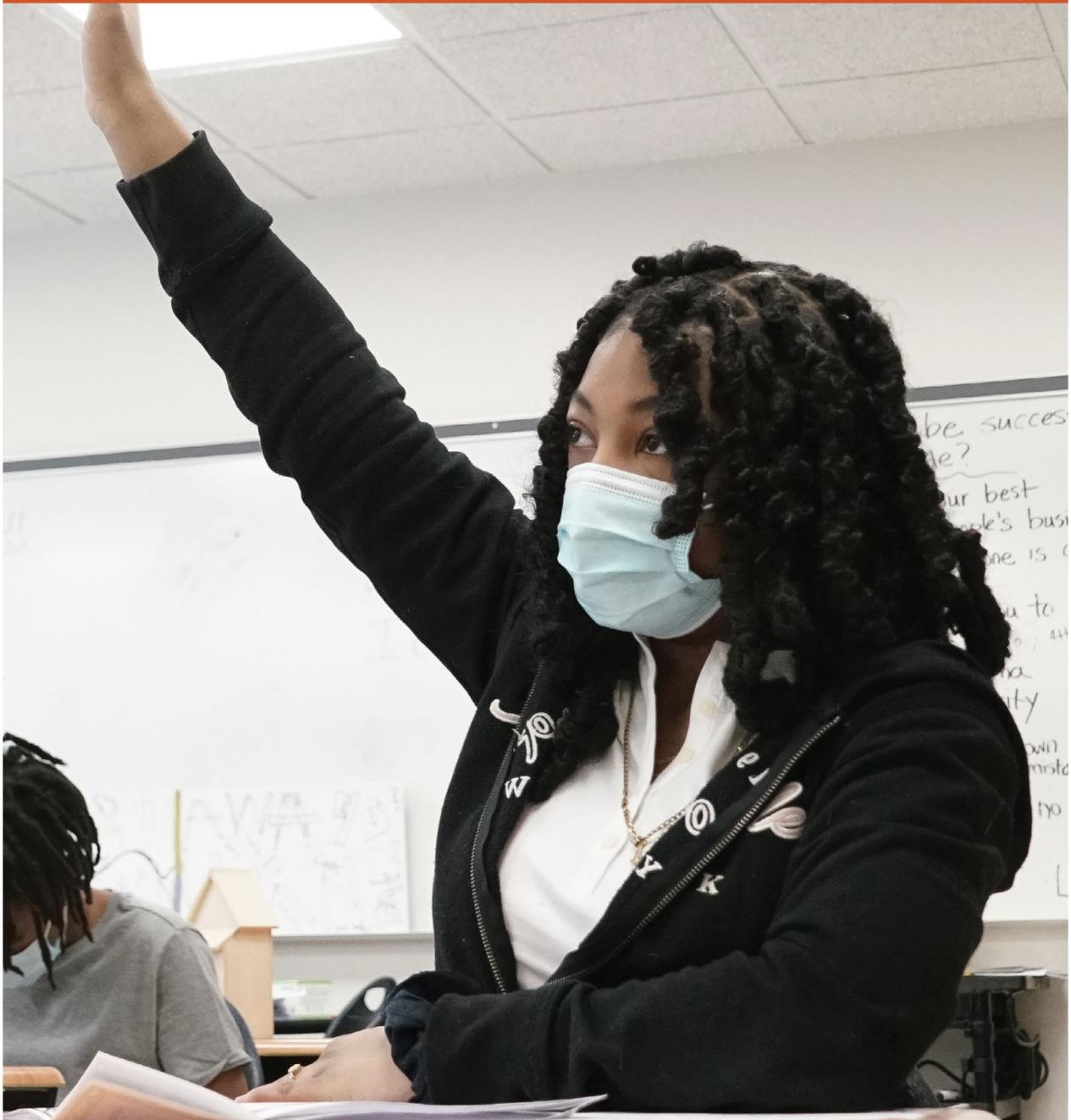
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in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

Freed Maxick CPAs, P.C.

Rochester, New York
December 6, 2022

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical



STATISTICAL SECTION

The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

- ◆ Financial Trends (Page 84-90) – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.
- ◆ Revenue Capacity (Page 91-94) – These schedules contain information to help the reader assess the District's most significant local revenue sources.
- ◆ Debt Capacity (Page 95-99) – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.
- ◆ Demographic and Economic Information (Page 100-101) – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.
- ◆ Operating Information (Page 102-106) – These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

ROCHESTER CITY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> ¹
Governmental activities					
Net investment in capital assets	\$ 231,321,889	\$ 226,882,367	\$ 220,389,578	\$ 218,698,255	\$ 223,450,428
Restricted for capital expenses	-	47,508,944	60,270,989	13,069,585	-
Restricted for debt service	4,735,764	655,408	320,406	8,162,364	5,573,029
Restricted for revolving loan program	-	-	-	-	100,024
Unrestricted (deficit)	<u>(175,570,496)</u>	<u>(229,176,646)</u>	<u>(192,505,073)</u>	<u>(134,530,235)</u>	<u>(150,528,156)</u>
Total governmental activities net position	<u>\$ 60,487,157</u>	<u>\$ 45,870,073</u>	<u>\$ 88,475,900</u>	<u>\$ 105,399,969</u>	<u>\$ 78,595,325</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities					
Net investment in capital assets	\$ 265,896,655	\$ 195,268,096	\$ 187,608,632	\$ 197,705,336	\$ 219,282,692
Restricted for capital expenses	-	92,231,024	49,682,764	11,750,322	6,055,735
Restricted for debt service	8,416,554	15,699,855	11,916,263	13,714,795	18,921,492
Restricted for revolving loan program	100,000	100,000	100,000	100,000	198,967
Restricted for scholarships	-	-	198,828	198,887	19,780
Restricted for student funds	-	-	28,050	26,650	587,098
Restricted for flexible spending	-	-	627,216	517,385	100,000
Unrestricted (Deficit)	<u>(770,515,499)</u>	<u>(887,024,790)</u>	<u>(873,771,549)</u>	<u>(862,298,485)</u>	<u>(801,160,701)</u>
Total governmental activities net position	<u>\$ (496,102,290)</u>	<u>\$ (583,725,815)</u>	<u>\$ (623,609,796)</u>	<u>\$ (638,285,110)</u>	<u>\$ (555,994,937)</u>

¹ 2017 Restated for GASB 75 implementation, change in accounting principal.

² 2020 Restated for GASB 84, change in accounting principal.

**ROCHESTER CITY SCHOOL DISTRICT
CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

(continued next page)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
General Support:				
Board of Education	\$ 804,532	\$ 968,455	\$ 811,972	\$ 1,184,391
Chief School Administrator	1,018,962	1,183,391	947,164	2,509,063
Finance	5,957,755	7,449,533	6,165,866	7,418,291
Staff	6,016,143	6,959,452	5,948,881	7,755,959
Central Services	74,430,768	81,900,706	77,142,220	82,909,676
Other	8,665,885	8,255,958	4,951,793	4,814,857
Total General Support	<u>96,894,045</u>	<u>106,717,495</u>	<u>95,967,896</u>	<u>106,592,237</u>
Instruction:				
Administration and Improvement	73,712,391	70,286,652	74,179,100	67,388,814
Teaching	434,230,713	416,521,090	462,945,545	477,002,393
Instructional Media	9,222,737	8,688,549	9,922,632	9,349,425
Pupil Services	36,650,565	36,102,054	40,050,199	40,769,018
Total Instruction	<u>553,816,406</u>	<u>531,598,345</u>	<u>587,097,476</u>	<u>594,509,650</u>
Pupil Transportation	65,325,728	68,990,845	70,433,794	77,363,591
Community Services	2,604,672	3,036,392	3,419,962	3,124,667
Interest on Long-Term Debt	12,532,896	17,598,994	17,931,983	18,814,372
Total Expenses	<u>731,173,747</u>	<u>727,942,071</u>	<u>774,851,111</u>	<u>800,404,517</u>
Program Revenues				
Charges for Services:				
Central Services	771,124	108,583	135,478	276,366
Teaching	1,408,777	1,605,929	1,593,999	1,962,993
Operating Grants and Contributions	101,980,675	107,816,885	109,228,469	113,987,817
Total Program Revenues	<u>104,160,576</u>	<u>109,531,397</u>	<u>110,957,946</u>	<u>116,227,176</u>
Net (Expense)/Revenue	<u>(627,013,171)</u>	<u>(618,410,674)</u>	<u>(663,893,165)</u>	<u>(684,177,341)</u>
General Revenues and Other Changes in Net Position				
Intergovernmental (Unrestricted)	119,100,000	119,100,000	119,100,000	119,100,000
Use of Money & Property	283,477	259,181	682,214	753,878
State & Federal Aid	413,568,396	454,984,197	462,719,362	497,713,112
Lottery Aid	63,012,095	66,698,736	69,627,693	68,357,659
Miscellaneous	8,288,777	6,395,864	10,725,335	15,176,761
Total General Revenues and Other Changes in Net Position	<u>604,252,745</u>	<u>647,437,978</u>	<u>662,854,604</u>	<u>701,101,410</u>
Change in Net Position	<u>\$ (22,760,426)</u>	<u>\$ 29,027,304</u>	<u>\$ (1,038,561)</u>	<u>\$ 16,924,069</u>

2017	2018	2019	2020	2021	2022
\$ 826,611	\$ 774,805	\$ 1,267,641	\$ 871,620	\$ 659,122	\$ 588,737
1,254,537	998,319	917,981	1,569,372	719,321	626,898
7,166,275	6,916,873	7,239,192	8,199,775	6,082,006	5,568,591
8,664,357	8,850,997	9,925,017	9,355,374	6,230,451	6,621,387
84,582,223	78,707,382	87,854,145	84,615,112	63,500,975	75,514,690
5,578,543	8,450,919	9,106,906	8,347,142	9,161,960	15,411,206
<u>108,072,546</u>	<u>104,699,295</u>	<u>116,310,882</u>	<u>112,958,395</u>	<u>86,353,835</u>	<u>104,331,509</u>
74,173,631	74,114,750	78,990,929	78,967,576	70,501,446	70,714,879
534,213,686	554,886,851	625,792,535	612,343,345	590,433,415	539,820,599
10,075,991	9,907,240	10,110,572	11,687,902	10,782,973	19,447,964
46,122,793	46,822,107	46,309,779	46,826,962	42,641,354	40,965,366
<u>664,586,101</u>	<u>685,730,948</u>	<u>761,203,815</u>	<u>749,825,785</u>	<u>714,359,188</u>	<u>670,948,808</u>
80,517,980	80,333,612	86,833,529	62,337,608	29,878,687	69,576,075
2,496,464	2,856,383	2,917,748	3,438,494	1,594,206	1,963,152
18,286,259	22,575,674	31,166,652	32,243,842	32,061,185	27,823,023
<u>873,959,350</u>	<u>896,195,912</u>	<u>998,432,626</u>	<u>960,804,124</u>	<u>864,247,101</u>	<u>874,642,567</u>
302,180	365,684	879,454	39,744	254,861	5,080
2,237,536	2,265,157	2,474,936	2,025,022	2,694,389	2,659,682
118,232,454	122,652,688	113,264,664	116,401,761	98,289,978	140,212,912
<u>120,772,170</u>	<u>125,283,529</u>	<u>116,619,054</u>	<u>118,466,527</u>	<u>101,239,228</u>	<u>142,877,674</u>
<u>(753,187,180)</u>	<u>(770,912,383)</u>	<u>(881,813,572)</u>	<u>(842,337,597)</u>	<u>(763,007,873)</u>	<u>(731,764,893)</u>
119,100,000	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
969,347	1,893,078	7,447,701	1,696,770	1,096,001	1,479,971
527,620,451	571,846,027	586,763,799	591,703,124	543,312,659	615,110,529
70,014,974	70,618,330	68,261,177	80,330,360	75,637,667	70,950,671
8,677,764	6,899,669	12,617,370	9,355,976	9,186,232	7,413,895
<u>726,382,536</u>	<u>770,357,104</u>	<u>794,190,047</u>	<u>802,186,230</u>	<u>748,332,559</u>	<u>814,055,066</u>
<u>\$ (26,804,644)</u>	<u>\$ (555,279)</u>	<u>\$ (87,623,525)</u>	<u>\$ (40,151,367)</u>	<u>\$ (14,675,314)</u>	<u>\$ 82,290,173</u>

**ROCHESTER CITY SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)**

(continued next page)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$ 5,408,822	\$ 9,015,204	\$ 9,658,416	\$ 360,810
Restricted	4,735,764	655,408	320,406	8,162,364
Committed	32,588,485	32,588,485	26,452,769	27,694,297
Assigned	21,357,946	20,309,554	19,760,663	25,677,162
Unassigned	19,342,801	14,571,175	10,406,729	8,935,385
Total General Fund	<u>\$ 83,433,818</u>	<u>\$ 77,139,826</u>	<u>\$ 66,598,983</u>	<u>\$ 70,830,018</u>
All Other Governmental Funds				
Nonspendable	\$ 328,690	\$ 324,307	\$ 424,100	\$ 612,612
Restricted	-	47,508,944	60,270,989	13,069,585
Committed	180,847,158	1,126,667	2,194,903	547,112
Assigned	-	-	-	-
Unassigned, Reported In:				
Special Aid Fund	-	-	-	-
Capital Projects Fund	-	10,584,466	(5,664,911)	(1,938,251)
RJSCB Fund	-	-	37,848	-
Miscellaneous Special Revenue	-	-	-	-
Total All Other Governmental Funds	<u>\$ 181,175,848</u>	<u>\$ 59,544,384</u>	<u>\$ 57,262,929</u>	<u>\$ 12,291,058</u>
Total All Governmental Funds	<u>\$ 264,609,666</u>	<u>\$ 136,684,210</u>	<u>\$ 123,861,912</u>	<u>\$ 83,121,076</u>

2017	2018	2019	2020	2021	2022
\$ 1,139,063	\$ 396,992	\$ 403,410	\$ 397,019	\$ 15,600,668	\$ 17,426,301
5,573,029	8,416,554	15,699,855	11,916,263	14,457,717	14,057,146
26,889,758	7,500,000	-	16,000,000	27,625,000	37,625,000
23,594,548	26,956,931	-	48,170,130	52,755,337	47,760,650
8,621,907	6,365,889	(8,916,640)	5,764,518	25,399,545	52,241,801
<u>\$ 65,818,305</u>	<u>\$ 49,636,366</u>	<u>\$ 7,186,625</u>	<u>\$ 82,247,930</u>	<u>\$ 135,838,267</u>	<u>\$ 169,110,898</u>
\$ 698,236	\$ 614,113	\$ 718,084	\$ 1,144,948	\$ 630,155	\$ 605,655
100,024	100,000	92,331,024	49,782,764	11,850,322	11,825,926
829,246	149,453	148,808	148,893	148,891	148,828
150,000	789,084	1,093,235	646,158	1,168,008	3,397,055
-	-	-	-	(2,339)	-
(19,204,786)	(30,253,254)	(4,275,024)	(25,886,146)	(40,916,598)	(44,587,471)
(27,896,351)	(10,304,861)	-	-	-	-
-	-	-	-	-	-
<u>\$ (45,323,631)</u>	<u>\$ (38,905,465)</u>	<u>\$ 90,016,127</u>	<u>\$ 25,836,617</u>	<u>\$ (27,121,561)</u>	<u>\$ (28,610,007)</u>
<u>\$ 20,494,674</u>	<u>\$ 10,730,901</u>	<u>\$ 97,202,752</u>	<u>\$ 108,084,547</u>	<u>\$ 108,716,706</u>	<u>\$ 140,500,891</u>

ROCHESTER CITY SCHOOL DISTRICT
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

(continued next page)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 283,477	\$ 259,181	\$ 682,214	\$ 3,001,530
Intergovernmental	119,100,000	119,100,000	119,101,443	119,142,222
Other	10,880,816	11,635,498	13,360,146	15,710,271
State Sources	485,713,741	530,317,736	550,167,576	592,465,795
Federal Sources	91,398,802	94,495,300	86,754,441	82,818,077
Surplus Food	942,062	1,078,482	1,128,449	1,415,119
Sales	94,423	83,178	83,509	132,022
Total Revenues	<u>708,413,321</u>	<u>756,969,375</u>	<u>771,277,778</u>	<u>814,685,036</u>
Expenditures				
General Support:				
Staff	5,906,382	5,945,247	6,074,754	7,472,227
Central Services	48,276,855	50,247,733	49,268,550	50,836,398
Other	26,068,647	27,484,179	24,917,805	26,080,581
Instructional:				
Teaching - Regular School	244,680,729	254,351,913	260,566,367	273,448,551
Special Apportionment Programs	139,182,252	143,521,920	146,005,189	150,269,672
Other	136,515,099	146,998,875	162,786,514	159,549,959
Pupil Transportation	63,362,758	66,443,629	68,165,552	73,763,974
Community Services	2,446,372	2,882,036	3,293,117	3,015,541
Cost of Sales	8,861,406	7,994,917	8,521,647	11,651,513
Debt Service:				
Principal	33,554,888	22,556,679	30,410,967	33,662,091
Interest	13,921,980	17,332,137	17,630,531	18,905,423
Bond Issuance Costs	2,091,497	-	-	-
Capital Outlay	102,472,252	139,640,040	59,866,645	66,769,942
Total Expenditures	<u>827,341,117</u>	<u>885,399,305</u>	<u>837,507,638</u>	<u>875,425,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(118,927,796)	(128,429,930)	(66,229,860)	(60,740,836)
Other Financing Sources (Uses)				
Bonds Issued	738,164	504,474	53,407,562	20,000,000
Refunding Bonds Issued	37,785,000	-	-	-
Premium - Refunding Bonds	3,309,791	-	-	-
Premium - Debt Issuance	20,780,819	-	-	-
Payment to Escrow Agent	(22,730,000)	-	-	-
Long-term Debt	153,799,015	-	-	-
Transfers In	46,564,991	54,001,937	59,105,658	59,889,534
Transfers Out	(46,564,991)	(54,001,937)	(59,105,658)	(59,889,534)
Total Other Financing Sources (Uses)	<u>193,682,789</u>	<u>504,474</u>	<u>53,407,562</u>	<u>20,000,000</u>
Net Change in Fund Balances	<u>\$ 74,754,993</u>	<u>\$ (127,925,456)</u>	<u>\$ (12,822,298)</u>	<u>\$ (40,740,836)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.55%	5.35%	6.18%	6.50%

2017	2018	2019	2020	2021	2022
\$ 969,347	\$ 1,893,078	\$ 7,447,701	\$ 1,696,770	\$ 1,096,001	\$ 1,479,971
119,957,026	119,127,776	119,100,000	119,100,000	119,100,000	119,100,000
12,987,995	12,886,954	19,785,919	16,289,086	13,278,015	13,680,617
636,475,355	681,545,444	688,376,654	739,793,890	643,473,795	686,698,009
74,434,777	78,298,546	73,905,397	77,111,443	68,357,734	134,810,822
1,536,902	1,095,171	1,408,898	987,004	618,531	1,163,321
126,639	126,997	117,866	7,897	-	-
<u>846,488,041</u>	<u>894,973,966</u>	<u>910,142,435</u>	<u>954,986,090</u>	<u>845,924,076</u>	<u>956,932,740</u>
8,066,322	9,137,095	9,320,672	7,655,378	6,213,610	7,548,174
49,530,175	51,067,583	52,927,205	48,063,032	47,117,408	54,122,184
26,837,116	28,764,006	28,326,791	27,843,165	23,084,680	34,738,316
286,448,066	308,072,512	326,787,670	303,486,976	297,275,956	308,143,214
156,256,759	160,070,812	180,867,460	170,812,907	164,572,467	167,177,643
168,260,414	172,478,037	172,067,316	161,915,560	136,277,435	172,768,440
76,580,595	81,216,295	81,698,163	57,192,516	27,803,183	67,597,373
2,388,263	2,762,393	2,775,157	3,309,737	1,515,445	1,932,357
10,122,887	10,016,753	9,964,024	7,387,502	3,847,670	9,082,939
40,565,877	37,650,976	39,587,735	77,012,706	52,808,422	47,348,856
18,437,402	21,473,074	29,983,779	32,141,362	32,461,370	28,134,845
109,618	2,073,684	2,850,428	1,069,965	-	-
69,871,162	170,925,182	161,923,063	127,381,850	54,396,035	26,554,214
<u>913,474,656</u>	<u>1,055,708,402</u>	<u>1,099,079,463</u>	<u>1,025,272,656</u>	<u>847,373,681</u>	<u>925,148,555</u>
(66,986,615)	(160,734,436)	(188,937,028)	(70,286,566)	(1,449,605)	31,784,185
435,000	123,670,000	242,307,000	70,605,777	-	-
17,271,400	-	-	10,562,584	-	-
2,049,053	-	-	-	-	-
269,760	24,375,663	33,101,879	-	1,814,378	-
(15,665,000)	-	-	-	-	-
-	-	-	-	-	-
63,298,269	75,871,517	95,316,599	88,417,771	90,207,008	99,989,965
<u>(63,298,269)</u>	<u>(72,946,517)</u>	<u>(95,316,599)</u>	<u>(88,417,771)</u>	<u>(90,207,008)</u>	<u>(99,989,965)</u>
<u>4,360,213</u>	<u>150,970,663</u>	<u>275,408,879</u>	<u>81,168,361</u>	<u>1,814,378</u>	<u>-</u>
<u>\$ (62,626,402)</u>	<u>\$ (9,763,773)</u>	<u>\$ 86,471,851</u>	<u>\$ 10,881,795</u>	<u>\$ 364,773</u>	<u>\$ 31,784,185</u>
6.99%	6.68%	7.42%	12.16%	10.75%	8.40%

ROCHESTER CITY SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE REAL PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Assessed Value	Real Property - Total Direct Tax Rate per \$1,000 ¹		Estimated Actual Value	Assessed Value as a Percentage of Actual Value ²	Total Direct Rate Applied to Base
		Homestead	Non-Homestead			
2013	\$ 5,910,992	\$19.32	\$42.98	\$ 6,128,302	96.45%	2.85%
2014	5,931,350	19.65	42.04	6,024,586	98.45%	2.84%
2015	5,973,945	20.05	42.86	6,250,507	95.58%	2.90%
2016	5,992,862	20.15	41.92	6,207,003	96.55%	2.88%
2017	6,494,050	19.21	37.76	6,680,286	97.21%	2.69%
2018	6,460,535	18.33	39.45	6,661,032	96.99%	2.70%
2019	6,396,895	18.86	41.15	6,571,027	97.35%	2.79%
2020	6,459,674	19.43	39.46	6,796,795	95.04%	2.77%
2021	7,550,825	17.57	35.83	8,448,948	89.37%	2.49%
2022	7,550,441	17.17	36.50	7,975,537	94.67%	2.49%

Source: City Assessors' Office

¹ The City partitions the assessment roll, and taxes properties based on Homestead and Non-Homestead classification. In accordance with Article 19 of New York State Real Property Tax Law, the tax levy is apportioned between the Homestead and Non-Homestead classes based on the relative taxable value of the two classes.

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

**ROCHESTER CITY SCHOOL DISTRICT
PROPERTY TAX RATE PER THOUSAND
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Class ¹	City of Rochester ²			Monroe County ³	Total Direct & Overlapping Rate
		School Purposes	General Municipal Purposes	Total Direct Rate	Overlapping Rate	
2013	Homestead	13.71	5.61	19.32	9.20	28.52
	Non-Homestead	30.62	12.36	42.98	9.20	52.18
2014	Homestead	13.95	5.70	19.65	9.20	28.85
	Non-Homestead	29.95	12.09	42.04	9.20	51.24
2015	Homestead	13.83	6.22	20.05	9.22	29.27
	Non-Homestead	29.69	13.17	42.86	9.22	52.08
2016	Homestead	13.94	6.21	20.15	9.22	29.37
	Non-Homestead	29.03	12.88	41.91	9.22	51.13
2017	Homestead	13.10	6.11	19.21	9.17	28.38
	Non-Homestead	25.78	11.98	37.76	9.17	46.93
2018	Homestead	12.50	5.83	18.33	9.17	27.50
	Non-Homestead	26.93	12.52	39.45	9.17	48.62
2019	Homestead	12.58	6.29	18.86	9.21	28.07
	Non-Homestead	27.43	13.71	41.15	9.21	50.36
2020	Homestead	12.95	6.48	19.43	9.64	29.07
	Non-Homestead	26.31	13.15	39.46	9.64	49.10
2021	Homestead	11.15	6.42	17.57	8.76	26.33
	Non-Homestead	22.74	13.09	35.83	8.76	44.59
2022	Homestead	10.89	6.27	17.17	9.79	26.95
	Non-Homestead	23.17	13.33	36.50	9.79	46.29

¹ "Homestead" designates a classification of property owners authorized for property taxation under the New York State law applicable to Rochester. This class includes all one, two, and three family residential real property, including dwellings used in part for non-residential purposes but used primarily for residential purposes. All other real property is classified as "non-homestead".

² Information provided by the City Assessor.

³ Information provided by the Monroe County Treasury.

**ROCHESTER CITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR
(in thousands of dollars)**

	2022			2013		
	Taxable Value ¹	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Value ²	Rank	Percentage of Total Taxable Assessed Value ²
Rochester Gas and Electric	\$ 1,058,553	1	14.02%	\$ 613,723	1	10.47%
Buckingham Properties	79,946	2	1.06	43,456	4	0.74
Eastman Kodak Company	48,996	3	0.65	70,868	3	1.21
Frontier Telephone Corp.	43,462	4	0.58	75,600	2	1.29
CSX (Conrail)	33,241	5	0.44	24,813	5	0.42
Clinton Asset Holding	25,000	6	0.33	-	-	-
Maguire Family Properties	22,172	7	0.29	20,499	6	0.35
Anthony Dimarzo	19,226	8	0.25	-	-	-
Maison Properties	16,974	9	0.22	-	-	-
Gallina Development	15,299	10	0.20	-	-	-
JP Morgan/Chase (Chase Manhattan)	-	-	-	18,621	7	0.32
NK-TCC Property LLC	-	-	-	16,296	8	0.28
AP/AIM Rochester Hotel LLC	-	-	-	14,800	9	0.25
Xerox	-	-	-	14,800	10	0.25
Totals	<u>\$ 1,362,869</u>		<u>18.04%</u>	<u>\$ 913,476</u>		<u>15.58%</u>

Source: Assessment Roll of the City of Rochester, City Assessor's Office

¹ The total taxable assessed value of \$7,548,686,850 was used for fiscal year 2021-22 taxes.

² The total taxable assessed value of \$5,860,652,793 was used for fiscal year 2012-13 taxes.

**ROCHESTER CITY SCHOOL DISTRICT
CITY OF ROCHESTER PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy
2013	\$ 206,013	\$ 190,291	92.37%	\$ 11,598	\$ 201,889	98.00%
2014	206,188	191,616	92.93%	11,305	202,921	98.42%
2015	213,694	198,289	92.79%	11,838	210,127	98.33%
2016	213,823	198,982	93.06%	11,306	210,288	98.35%
2017	217,466	203,176	93.43%	11,880	215,056	98.89%
2018	219,298	205,190	93.57%	12,035	217,225	99.05%
2019	224,642	209,139	93.10%	11,164	220,303	98.27%
2020	224,736	208,397	92.73%	11,181	219,578	97.70%
2021	233,630	218,819	93.66%	9,065	227,884	97.54%
2022	234,062	220,524	94.22%	N/A	220,524	94.22%

Source: City of Rochester, Department of Finance.

Notes:

- (1) Tax exempt properties with an assessed value of \$831,729,050 made payments in lieu of taxes amounting to \$15,055,410 for the fiscal year ending June 30, 2022. If these properties had been fully taxable, total revenues would have increased by \$13,619,400. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.

Beginning in fiscal year 1994-95, the District began receiving a revenue allocation in lieu of property taxes from the City of Rochester. The amount of the revenue allocation is based upon what the City and District agree to prior to the applicable fiscal year. Even though the District does not receive property taxes, the City calculates a tax levy for the District.

**ROCHESTER CITY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	School Facility Revenue Bonds	Bond Premiums	Installment Purchase Contracts	Total	Percentage of Personal Income ¹	Per Capita ²
2012-13	\$ 171,813,000	\$ 227,155,000	\$ 33,940,930	\$ 11,971,682	\$ 444,880,612	1.23%	\$ 2,117
2013-14	155,400,000	223,810,000	31,679,985	9,556,959	420,446,944	1.22	2,009
2014-15	137,920,000	257,970,000	38,181,490	6,855,376	440,926,866	1.23	2,114
2015-16	139,270,000	245,880,000	37,480,065	4,010,017	426,640,082	1.18	2,055
2016-17	118,020,401	231,585,000	36,323,910	1,157,695	387,087,006	1.07	1,875
2017-18	99,036,602	340,230,000	55,970,885	366,839	495,604,326	1.30	2,406
2018-19	126,212,706	516,140,000	86,007,734	-	728,360,440	1.91	3,541
2019-20	106,350,777	529,595,000	89,653,740	-	725,599,517	1.32	3,434
2020-21	87,112,355	496,025,000	82,057,767	-	665,195,122	1.25	3,158
2021-22	72,253,499	463,535,000	74,461,794	-	610,250,293	1.01	2,898

¹ Personal Income figures from US Dept of Commerce Bureau of Economic Analysis, www.bea.gov. 2019-20 data used for 2020-21 and 2021-22.

² Population estimates from US Census Bureau for July 1 of each year; July 1, 2021 used for 2020-21 and 2021-22.

**ROCHESTER CITY SCHOOL DISTRICT
RATIOS OF GENERAL DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Total General Obligation Debt - District	Total General Obligation Debt - FMP	Premiums	Less: Amounts Available for Debt	Total - Net Bonded Debt	Percentage of Assessed Value of Property	Per Capita¹
2012-13	\$ 171,813,000	\$ 227,155,000	\$ 33,940,930	\$ 4,735,764	\$ 428,173,166	7.24%	\$ 2,037
2013-14	155,400,000	223,810,000	31,679,985	655,408	410,234,577	6.92	1,960
2014-15	137,920,000	257,970,000	38,181,490	320,406	433,751,084	7.26	2,080
2015-16	139,270,000	245,880,000	37,480,065	2,247,652	420,382,413	7.02	2,024
2016-17	118,020,401	231,585,000	36,323,910	5,573,029	380,356,282	5.86	1,843
2017-18	99,036,602	340,230,000	55,970,885	8,416,554	486,820,933	7.54	2,363
2018-19	126,212,706	516,140,000	86,007,734	15,699,855	712,660,585	11.14	3,459
2019-20	106,350,777	529,595,000	89,653,740	11,916,263	713,683,254	11.05	3,470
2020-21	87,112,355	496,025,000	82,057,767	13,714,794	651,480,328	8.63	3,093
2021-22	72,253,499	463,535,000	74,461,794	17,771,914	592,478,379	7.85	2,813

¹ Population estimates from US Census Bureau for July 1, 2021 used for 2020-21 and 2021-22.

**ROCHESTER CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2022**

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct Debt:			
Rochester City School District	\$ 610,250,293	100.00%	\$ 610,250,293
Sub Total - Direct Debt	<u>610,250,293</u>		<u>610,250,293</u>
Overlapping Debt:			
City of Rochester	43,441,008	100.00%	43,441,008
County of Monroe	442,721,442	15.04%	66,585,305
Sub Total - Overlapping Debt	<u>486,162,450</u>		<u>110,026,313</u>
Total Direct and Overlapping Debt:	<u>\$ 1,096,412,743</u>		<u>\$ 720,276,606</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. Source of data is City of Rochester Finance Department. The overlap percentage (15.04%) was set by the Monroe County Department of Finance and is based on the ratio of the City of Rochester's full valuation of real property to the total Monroe County full valuation of real property.

**ROCHESTER CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of the Debt Limit
2012-13	\$ 206,975,273	\$ 171,813,000	\$ 35,162,273	16.99%
2013-14	206,974,677	159,400,000	47,574,677	22.99
2014-15	211,103,324	157,920,000	53,183,324	25.19
2015-16	211,601,950	157,270,000	54,331,950	25.68
2016-17	209,627,173	149,586,401	60,040,772	28.64
2017-18	222,170,000	146,794,602	75,375,398	33.93
2018-19	225,082,223	145,212,706	79,869,517	35.48
2019-20	249,093,682	144,200,777	104,892,905	42.11
2020-21	249,099,403	138,390,355	110,709,048	44.44
2021-22	258,759,534	132,118,499	126,641,035	48.94

Legal Debt Margin Calculation for Fiscal Year 2021-22

Five-year average full valuation	\$ 7,393,129,536
9% of five-year average full valuation	665,381,658
Indebtedness	
Borrowings -- RCSD Bonds	\$ 72,253,499
Borrowings -- RCSD BANs	59,865,000
	<u>132,118,499</u>
Net Indebtedness	
Debt Limit (3.5%/9% of five-year average full valuation) ¹	<u>258,759,534</u>
Debt Contracting Margin ²	<u>\$ 126,641,035</u>

¹ 3.5% of 9% limitation is pursuant to the City of Rochester Charter which states how the allocation of revenue and debt-incurring power between the City and City School District will be conducted.

² Debt Contracting Margin Excludes All Debt Associated with the RJSCB/Facilities Modernization Program in accordance with State and Local Constitutional Law.

**ROCHESTER CITY SCHOOL DISTRICT
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Fiscal Year	Special School Purpose Revenue Bond¹			
	Revenue	Principal	Interest	Coverage
2012-13	\$ 1,435,796	\$ 1,435,796	\$ 39,531	0.97
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-
2019-20	-	-	-	-
2020-21	-	-	-	-
2021-22	-	-	-	-

¹This bond is backed by the State Education Department, in accordance with state legislation to assist with operating expenses of the District. Data derived from the MBBA.

**ROCHESTER CITY SCHOOL DISTRICT
DEMOGRAPHIC ECONOMIC STATISTICS – ROCHESTER METROPOLITAN AREA
LAST TEN FISCAL YEARS**

Fiscal Year	Population¹	Personal Income² (000s)	Per Capita Personal Income²	Unemployment Rate³
2012-13	748,290	\$ 46,642,389	\$ 43,118	7.3%
2013-14	747,364	47,600,486	44,071	5.7
2014-15	745,577	49,949,372	46,374	5.2
2015-16	743,770	50,678,704	47,184	4.6
2016-17	742,724	53,307,457	49,729	4.8
2017-18	742,864	54,775,889	51,115	4.1
2018-19	741,770	56,936,973	53,230	3.7
2019-20	759,443	60,288,564	56,477	11.2
2020-21	755,160	N/A	N/A	5.3
2021-22	N/A	N/A	N/A	3.5

¹ Population estimates from US Census Bureau for April 1 of each year. Data for 2021-22 not available.

² <https://www.bea.gov> - Rochester, NY metropolitan statistical area. Data for 2020-21 and 2021-22 not available.

³ dol.ny.gov - rate as of June each year for the Rochester, NY metropolitan statistical area.

**ROCHESTER CITY SCHOOL DISTRICT
 PRINCIPAL TEN EMPLOYERS IN THE ROCHESTER AREA
 CURRENT YEAR AND NINE YEARS PRIOR**

Employer	2022			2013		
	Total Local Employees ¹	Rank	Percentage of Total Employment ²	Total Local Employees ¹	Rank	Percentage of Total Employment ²
University of Rochester/Strong	32,211	1	6.03%	20,340	1	3.81%
Rochester Regional Health System ³	17,565	2	3.29%	-	-	-
Wegmans Food Markets Inc.	13,178	3	2.47%	13,976	2	2.62%
Paychex Inc.	4,796	4	0.90%	3,712	7	0.70%
Rochester Institute of Technology	3,976	5	0.74%	3,299	9	0.62%
L3Harris Technologies, Inc.	3,958	6	0.74%	-	-	-
Heritage Christian Services Inc.	2,221	7	0.42%	-	-	-
Lifetime Healthcare Cos. Inc.	2,098	8	0.39%	3,584	8	0.67%
Tops Markets LLC	1,988	9	0.37%	-	-	-
Lifetime Assistance, Inc.	1,723	10	0.32%	-	-	-
Rochester General Health System (Via Health)	-	-	-	7,600	3	1.42%
Eastman Kodak Company	-	-	-	5,129	6	0.96%
Xerox, Inc.	-	-	-	6,116	4	1.15%
Unity Health System	-	-	-	5,472	5	1.02%
YMCA of Greater Rochester	-	-	-	2,732	10	0.51%

¹ Rochester Business Journal The Lists - 2022 Edition.

² Employment Source: www.labor.state.ny.us employment data as of 06/30/2022. Includes Monroe, Genesee, Wyoming, Livingston, Wayne, Ontario, Orleans counties.

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

**ROCHESTER CITY SCHOOL DISTRICT
BUDGETED FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	2012-13	2013-14	2014-15	2015-16	2016-17
General Support:					
Board of Education	10	11	13	12	11
Chief School Administrator	5	4	4	4	6
Finance	52	51	55	62	59
Staff	41	42	47	48	49
Central Services	589	605	707	701	708
Total General Support	<u>697</u>	<u>713</u>	<u>826</u>	<u>827</u>	<u>833</u>
Instruction:					
Administration and Improvement	577	576	585	598	601
Teaching	3,527	3,375	3,615	3,718	3,963
Instructional Media	64	73	72	83	87
Pupil Services	334	318	351	346	372
Pupil Transportation	121	125	113	133	134
Community Services	35	31	47	22	19
Unclassified	10	10	9	13	13
Total Instruction	<u>4,668</u>	<u>4,508</u>	<u>4,792</u>	<u>4,913</u>	<u>5,189</u>
Total	<u><u>5,365</u></u>	<u><u>5,221</u></u>	<u><u>5,618</u></u>	<u><u>5,740</u></u>	<u><u>6,022</u></u>
	2017-18	2018-19	2019-20	2020-21	2021-22
General Support:					
Board of Education	11	11	11	10	10
Chief School Administrator	5	4	4	4	3
Finance	59	58	53	50	48
Staff	49	50	49	49	44
Central Services	708	734	710	663	682
Total General Support	<u>832</u>	<u>857</u>	<u>827</u>	<u>776</u>	<u>787</u>
Instruction:					
Administration and Improvement	634	626	577	558	564
Teaching	4,185	4,436	3,998	3,662	3,699
Instructional Media	86	80	72	67	46
Pupil Services	412	387	356	309	341
Pupil Transportation	135	135	135	136	138
Community Services	17	17	32	14	9
Unclassified	14	14	14	-	-
Total Instruction	<u>5,483</u>	<u>5,695</u>	<u>5,184</u>	<u>4,746</u>	<u>4,797</u>
Total	<u><u>6,315</u></u>	<u><u>6,552</u></u>	<u><u>6,011</u></u>	<u><u>5,522</u></u>	<u><u>5,584</u></u>

Note: Amended budget numbers used in 2015 and subsequent years.

**ROCHESTER CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	K - 12 Enrollment¹	Government-Wide Expenses	Cost Per Pupil	Percentage Change from Prior Year	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals²
2012-13	29,523	\$ 731,173,747	\$ 24,766	0.0%	3,527	8.4	100.0%
2013-14	29,103	771,586,459	26,512	7.1	3,375	8.6	100.0
2014-15	28,401	774,851,111	27,283	2.9	3,615	7.9	100.0
2015-16	27,745	800,404,517	28,849	5.7	3,718	7.5	100.0
2016-17	26,976	873,959,350	32,398	12.3	3,963	6.8	100.0
2017-18	26,155	896,195,912	34,265	5.8	4,185	6.2	100.0
2018-19	25,742	998,432,626	38,786	13.2	4,436	5.8	100.0
2019-20	25,109	960,804,124	38,265	-1.3	3,998	6.3	100.0
2020-21	23,398	864,247,101	36,937	-3.5	3,662	6.4	100.0
2021-22	21,408	874,642,567	40,856	10.6	3,699	5.8	100.0

¹Source: RCSD CIP, March 2022

²The Federal Community Based Option program was implemented in 2012-13, all students are now eligible for free meals.

**ROCHESTER CITY SCHOOL DISTRICT
OPERATING STATISTICS-CONTINUING DISCLOSURE COMPLIANCE
LAST TEN FISCAL YEARS**

Fiscal Year	K-12 Enrollment	School Buildings¹	Teaching Staff	Administrative Personnel²	Instructional Support³	State Aid Received (Millions)⁴
2012-13	29,523	52	3,527	697	1,141	\$486
2013-14	29,103	52	3,375	713	1,133	514
2014-15	28,401	52	3,615	826	1,177	550
2015-16	27,745	50	3,718	827	1,195	592
2016-17	26,976	49	3,963	833	1,226	636
2017-18	26,155	48	4,185	832	1,298	682
2018-19	25,742	48	4,436	857	1,259	688
2019-20	25,109	48	3,998	827	1,186	734
2020-21	23,398	47	3,662	776	1,084	643
2021-22	22,252	47	3,699	787	1,098	687

¹ Includes active schools, swing schools (with temporary enrollment), schools under reconstruction and multi-use buildings, excludes any leased buildings.

² Includes Board of Education, chief school administration, finance, central services, and other unclassified administrative staff.

³ Includes instructional administration, instructional media, pupil services, pupil transportation, and community services staff.

⁴ Includes state aid recorded in the general, special aid and school food service funds (excludes capital and JSCB funds).

**ROCHESTER CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

(continued next page)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Schools</u>					
Elementary					
Buildings ^a	38	38	38	37	30
Square Feet ^b	3,209,513	3,220,760	3,220,760	3,098,432	2,889,690
Capacity ^c	20,733	20,883	21,215	20,249	19,851
Enrollment K-8	16,679	16,672	16,328	15,867	17,950
Enrollment PreK ^d	944	935	974	945	1,211
Secondary					
Buildings ^a	14	14	14	14	13
Square Feet ^b	3,433,212	3,439,476	3,439,576	3,439,576	3,439,576
Capacity ^c	14,888	14,888	16,660	16,660	16,660
Enrollment 9-12	12,844	12,431	12,073	11,878	9,977
Other					
Buildings ^e	2	1	1	1	1
Square Feet ^f	200,560	129,389	129,389	129,389	129,389
<u>Administrative</u>					
Buildings ^g	3	3	3	3	3
Square Feet	261,598	261,598	261,598	261,598	261,598
<u>Transportation</u>					
Garages/Maintenance (sq. ft.) ^h	-	-	-	-	-
Buses	86	90	90	91	91
<u>Athletics</u>					
Football Fields	7	7	7	7	7
Soccer Fields	9	9	9	9	9
Running Tracks	8	8	8	8	8
Baseball/Softball	22	22	22	22	22
Swimming Pools	13	13	13	12	12
Playgrounds	36	36	36	36	36

Source: RCSD Facilities Department Records and May 2021 CIP

Note: All footnotes apply to the data provided for 2021-22

^a The District facility portfolio includes buildings with differing grade configurations (PreK-6, PreK-8, K-12, 6-12, 7-12 or 9-12). Buildings containing both elementary and secondary students are classified in either elementary or secondary based on primary purpose. Reconciles to building listing in CIP document dated May 2021 pages 5 and 6, excludes #43, #44 and Marshall, which did not contain students during the 2021-22 school year.

^b Square feet includes main building, transportables and any additional community use space that is District managed.

^c Capacity indicates the maximum number of students that a school can accommodate given current educational programming and excludes capacities of schools that did not contain students during the fiscal year.

^d PreK enrollment includes only students educated in District facilities and does not include students in Community Based Organizations.

^e Facility is 30 Hart Street and is used for multiple purposes.

^f Reflects elimination of 6th floor portion of Hart St. Lease.

^g Facilities are Central Office, Service Center and Special Education Center, School #43, School #44 and Marshall.

^h Garage/Maintenance included as part of Service Center.

2017-18	2018-19	2019-20	2020-21	2021-22
36	36	36	36	32
2,889,690	2,970,244	2,970,244	2,970,244	2,809,347
21,082	21,386	21,386	21,386	19,866
18,473	18,052	17,581	16,186	15,204
1,373	1,187	1,266	2,243	2,655
15	15	15	15	12
3,461,704	3,480,012	3,480,012	3,480,012	3,084,490
14,377	14,492	14,492	14,492	14,373
7,682	7,690	7,528	7,212	7,048
1	1	1	1	1
186,917	206,045	180,917	180,917	180,917
4	4	4	3	6
285,598	285,598	285,598	374,207	684,102
-	-	-	-	-
91	92	80	80	80
7	7	7	7	7
9	9	9	9	9
8	8	8	8	8
22	22	22	22	22
12	12	12	12	12
36	40	40	40	40

THIS PAGE INTENTIONALLY LEFT BLANK

Student Activity Funds



**INDEPENDENT AUDITOR'S REPORT ON THE
EXTRACLASSROOM ACTIVITY FUNDS**

The President and Members of the
Board of Education of the
Rochester City School District
Rochester, New York

Qualified Opinion

We have audited the accompanying Statement of Assets, Liabilities and Net Assets – Cash Basis and Statement of Cash Receipts and Disbursements - Cash Basis of the Extraclassroom Activity Funds of Rochester City School District (the District), as of and for the year ended June 30, 2022, and the related note to the financial statement.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above presents fairly, in all material respects, the cash receipts, disbursements and changes in cash basis net position of the Extraclassroom Activity Funds of the District for the year ended June 30, 2022 accordance with the cash basis of accounting as described in Note 1.

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts from the point of collection to the time of submission to the Central Treasurer. Accordingly, it was impractical to extend our audit of receipts beyond amounts recorded and were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

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

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

Freed Maxick CPAs, P.C.

Rochester, New York
December 6, 2022

**ROCHESTER CITY SCHOOL DISTRICT
ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS
STUDENT ACTIVITY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2022**

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Assets		
Cash:		
Elementary Schools	\$ 26,650	\$ 19,780
Secondary Schools	<u>92,630</u>	<u>117,120</u>
Total Assets	<u>\$ 119,280</u>	<u>\$ 136,900</u>
 Liabilities		
Student Deposits:		
Elementary Schools	\$ 26,650	\$ 19,780
Secondary Schools	<u>92,630</u>	<u>117,120</u>
Total Liabilities	<u>\$ 119,280</u>	<u>\$ 136,900</u>

See accompanying notes to student activity funds financial statements.

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2022**

	June 30, 2021	June 30, 2022
Receipts		
Elementary Schools	\$ 385	\$ 6,905
Secondary Schools	35,134	132,689
Total Receipts	35,519	139,594
 Disbursements		
Elementary Schools	1,785	13,775
Secondary Schools	58,156	108,199
Total Disbursements	59,941	121,974
Excess (Deficit) of Receipts over Disbursement	(24,422)	17,620
Cash -- Beginning of Year	143,702	119,280
 Cash -- End of Year	\$ 119,280	\$ 136,900

See accompanying notes to student activity funds financial statements.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
STUDENT ACTIVITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Description of Operations

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by, or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has the responsibility and authority to implement all policies and rules pertaining to the supervision and administration of student activity funds in accordance with established policies and rules of the District’s Board of Education.

2. Summary of Significant Accounting Policies

Basis of Accounting

The transactions of the Student Activity Funds are not considered part of the reporting entity of the Rochester City School District (the District). The transactions of the elementary schools are included in the basic financial statements as they do not meet the definition of fiduciary funds due to the District’s administrative control over such activities. The transactions of secondary schools are reported in the Custodial fund in the basic financial statements of the District in the District’s Statement of Fiduciary Net Position – Fiduciary Funds and Statement of Changes in Fiduciary Net Position – Fiduciary Fund, as of and for the year ended June 30, 2022.

The District prepares its Student Activity Funds financial statements on the cash basis of accounting; consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.



Rochester City School District
131 West Broad Street
Rochester, NY 14614
www.rcsdk12.org



2022

ACFR