

2021

# 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, 2021

# **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, 2021**

Prepared by:

**Department of Accounting**

**Rochester City School District  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2021**

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# Introduction





## Rochester City School District

Superintendent of Schools

Lesli Myers-Small

December 23, 2021

Mr. Van Henri White, President  
Board of Education  
Rochester City School District  
Rochester, New York 14614

Dear President White, 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, 2021. 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, 2021. 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 educate each student to the highest level of academic achievement and to foster each student's social and emotional development. The District partners with families, caregivers, and the Rochester community to prepare students to meet or exceed 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 2020-21 school year, the District reported the following enrollments: 2,243 pre-kindergarten (Pre-K), 16,186 elementary (K-8) and 7,212 secondary (9-12), for a total of 25,641 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 \$97.2 million for 6,706 students were made from the District's General operating fund during the 2020-21 fiscal year. There were fourteen schools that received payments during the 2020-21 fiscal year. No additional Charter schools are expected to open in 2021-22, however, four additional Charter schools are approved to open in the fall of 2022-23. These four new schools represent an additional 453 open Charter seats in 2022-23, the majority of which are projected to be filled by students residing within the District.

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. On June 22, 2020, NYSED extended the plan for an additional three years to June 30, 2023. This agreement will potentially extend into 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 18-19 school year, changes made to the accountability system resulted in multiple changes in accountability for RCSD schools. As of June 30, 2021, 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, Leadership Academy for Young Men, East High School, East Lower School, James Monroe High School, and Northeast High School. 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 2021-2022 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 2022-2023 school year, ESSA calculations will be utilized to determine the accountability status of schools, providing an opportunity 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).

During the fiscal 2020-21 budgeting process the future fiscal impacts of the global pandemic were uncertain. As such, the District requested and was granted a cash capital funding funding waiver for fiscal 2020-21.

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 2020-21 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 budget was submitted to the Mayor and City Council for the fiscal year beginning on July 1, 2020 and ending on June 30, 2021.

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 Forecast<sup>1</sup>**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included forced closures for certain types of public places, including public schools. In mid-March 2020, by order of the Governor of New York State, the District closed all schools for the remainder of the 2019-20 school year and transitioned to an online learning model. These closures carried on well into the 2020-21 school year. The District continues to struggle with the implications of the global pandemic, the challenges of which continue into the 2021-22 school year as the District struggles to contend with student learning-loss, the increased demand for social and emotional support, and support staff shortages (i.e. bus drivers, para-professionals, food service) occurring in tandem with full school reopening in September 2021. Such Covid-related challenges are being met with several sources of Federal relief which will be utilized over the next several years to address these and other pandemic related concerns.

The Rochester economy is historically rooted in manufacturing, which have experienced declines but have stabilized. The presences of the University of Rochester and Rochester Institute of Technology, in particular, provides a stabilizing institutional influence. The City has made working with its local employers and academic partners a priority, both to implement workforce development training programs and ensure stability in the business community. The City’s Business Development Division provides technical and financial assistance and was able to support the business community during the pandemic through its grant program. Additionally, several businesses continue to expand, and with the Mercantile and Commissary projects downtown and ongoing development at the business park, the City’s tax base should remain stable.

### **Projected Enrollment<sup>2</sup>**

The ten-year summary of enrollment projections indicates that the District will continue to experience a decline in total PreK – 12 enrollment over the next ten years from 26,325 students in 2021-22 to 19,675 students in 2030-31, or an overall projected decrease of 25.3% over the next ten years. Due to the impacts of the global pandemic, Pre-K enrollments sharply decreased in fiscal 2021-22 to 2,268 students. Pre-K enrollment projections are expected to resume at approximately 3,000 per year thereafter and then remain relatively stable over the next ten years, given the absence of existing Charter school programs at the Pre-K level. The growth of Charter schools within Rochester and the surrounding area is the primary factor in the sustained decrease of District enrollment.

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 73 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.

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#### Sources:

- 1 S&P RatingsDirect, Rochester, NY, July 13, 2021
- 2 RCSD CIP, May 2021

<b>District Building Data</b>	
<b>Year Constructed</b>	<b>Total No.</b>
1901-1920	10
1921-1939	12
1940-1969	15
1970-Present	10
<b>Total</b>	<b>47</b>
<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 \$137.2 million over the next five years, comprised of approximately \$87.2 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 \$435.0 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 is anticipated to be completed in the fall of 2022.

A revised Phase III Bill was forwarded to the State Legislature with a \$550.0 million request to replace the proposed \$615.0 million original request. The revised Bill was held in the NYS Assembly’s Education Committee from January 2020 to January 2021. However, due to the passing of the original sponsor, the Bill was reintroduced with a new request for \$475.0 million to modernize 9 buildings. The revised Bill was approved by the State Legislature on June 1, 2021 and was approved by the Governor in November of 2021.

The facilities modernized in the first two phases of this program provide safe, comfortable and age-appropriate learning environments with an emphasis on equity and accessibility. While the 2020-21 school year brought many challenges associated with the global pandemic, the Rochester Joint Schools Construction Board, the Rochester City School District, the City of Rochester, and other program participants and partners were successful in meeting these challenges in a manner that maintained program continuity and the achievement of the program's original goals.

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 2021-22 to 2025-26. 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 mission of the Rochester City School District is to provide a quality education that ensures students graduate with the skills to be successful in a democratic society and the global economy. This includes providing an environment that is safe and nurturing to students. All departments within the District are working diligently to build on the successes that have contributed to student achievement within the last year. The District accomplishes achievements by adhering to its foundational pillars, and it will continue to disrupt long-standing patterns of failure because students deserve a high-quality education that prepares them for careers and/or college.

Superintendent Myers-Small was appointed by the Board of Education in May 2020, and has established her mission and vision for the District. This mission and vision is supported through guiding principles for students, parents, teachers, staff and the entire community who are the heart and soul of the Rochester City School District and are at the core of Superintendent Myers-Small's leadership.

### **1. Engage: Provide high-quality learning experiences**

- 1.1.** 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.
- 1.2.** Establish a uniform, clear and transparent procedure for curriculum development and implementation.
- 1.3.** Use data purposefully and collaboratively to drive decisions and improve student outcomes.

### **2. Lift Up: Ensure an inclusive, caring and safe learning environment**

- 2.1.** Use restorative practices to promote inclusiveness, relationship-building and problem-solving.

- 2.2. Deliver trauma-informed practices through a culturally responsive lens to provide a safe, positive learning environment.
- 2.3. Establish training norms for cultural responsiveness, antiracism, diversity and inclusion.

**3. Collaborate: Build strong community**

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

**4. Lead: Foster dynamic leadership**

- 4.1. Manage school and district resources effectively.
- 4.2. Develop leaders at the school and district levels to achieve each school’s targeted outcomes.
- 4.3. 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 2020-21 was \$42,094.

**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. 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,

  
Lesli Myers-Small  
Superintendent of Schools

  
Carleen Pierce  
Chief Financial Officer

# **List of Rochester City School District Officials As of June 30, 2021**

## **MEMBERS OF THE BOARD OF EDUCATION**

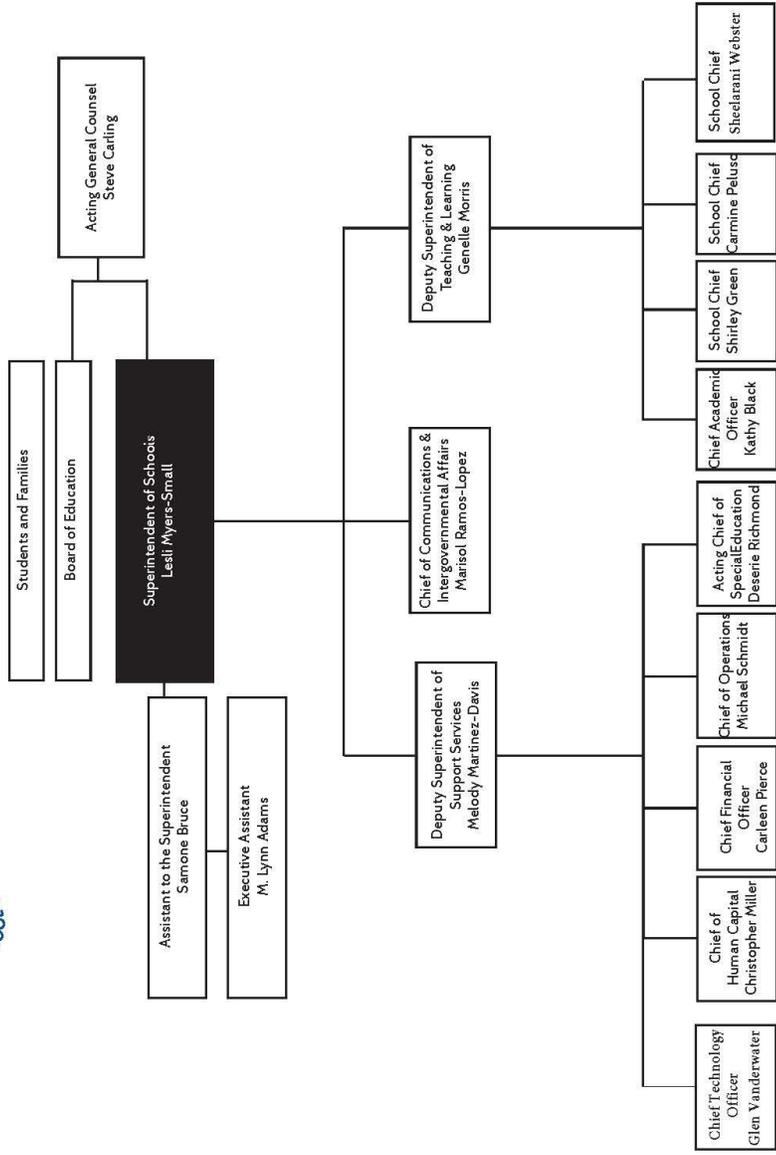
Van Henri White	President
Cynthia Elliott	Vice President
Ricardo Adams	Commissioner
William Clark	Commissioner
Beatriz LeBron	Commissioner
Amy Maloy	Commissioner
Willa Powell	Commissioner

## **SUPERINTENDENT'S EXECUTIVE LEADERSHIP TEAM**

Lesli Myers-Small	Superintendent of Schools
Melody Martinez-Davis	Deputy Superintendent
Genelle Morris	Deputy Superintendent
Kathleen Black	Chief Academic Officer
Steve Carling	Acting General Counsel
Shirley Green	Chief of Schools
Christopher Miller	Chief of Human Capital
Carmine Peluso	Chief of Schools
Carleen Pierce	Chief Financial Officer
Marisol Ramos-Lopez	Chief Communications Officer
Michael Schmidt	Chief of Operations
Glen VanDerwater	Chief Technology Officer
Sheelarani Webster	Chief of Schools
Deserie Richmond	Acting Chief of Special Education and Related Services



### 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 Financial Statements**

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

### ***Emphasis of Matter***

As stated in Note I, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions will not be modified with respect to this matter.

### ***Other Matters***

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents; is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, 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.

*Fred Maxick CPAs, P.C.*

Rochester, New York  
December 1, 2021

**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, 2021. 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, 2021 by \$638.3 million; a deficit increase of \$14.7 million in 2020-21. The District's governmental funds reported combined ending fund balances of \$108.7 million; an increase of \$0.3 million in 2020-21.
- During fiscal 2020-21 the District received and utilized approximately \$5.8 million in funding associated with the Federal Coronavirus Aid Relief and Economic Security (CARES) Act. The CARES Act was signed into law on March 27, 2020 to help address the economic effects of the global pandemic. This funding was used for counselor salaries and benefits, pandemic related protective and safety equipment and protocols, and computer hardware and software for non-public schools.
- In response to the ongoing global pandemic and in preparation for the 2020-21 school year, the Governor of New York extended the option of remote learning for NYS school districts. As such, the District, under the approval of the State Education Department (SED), extended District-wide remote learning at the opening of school until January 5, 2021, at which time designated special education students returned to in-person learning. In mid-to-late February 2021, the remaining students were phased in to hybrid learning at the lower grade levels and in-person learning at the upper grade levels. As such, the District experienced an atypical savings in operational costs such as facilities maintenance, utilities, certain staffing and benefits, student services, classroom supplies, etc., during the school year.
- As part of the Governor's New York State 2020-21 Budget, Article VII – Education Part C. was enacted in response to the District's fiscal condition. Under this legislation, the District was granted a \$35.0 million revenue advance, which was received at the end of May 2020, repayable in 30 annual installments, which began in fiscal year 2020-21. Also as part of this legislation, 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 are under current implementation in an effort to provide the District with a sustainable platform that ensures fiscal integrity and responsibility into the future.
- The District's General operating fund reported a total fund balance of \$135.8 million at June 30, 2021, as compared to \$82.5 million at June 30, 2020; a \$53.3 million operating surplus in the current year. This surplus was largely driven by one-time, atypical events such as operating savings due to school closures for a significant portion of the school year coupled with the infusion of Federal CARES Act funding previously mentioned.

**ROCHESTER CITY SCHOOL DISTRICT  
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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.

**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*.

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The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, 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, School Food Service fund, and Debt Service fund. Budgetary comparison schedules have been provided for the General fund, Special Aid fund, School Food Service fund, and Debt 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 42-70 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 \$638.3 million at the close of the most recent fiscal year.

A positive portion of the District's net position in the amount of \$197.7 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 \$862.3 million reported at June 30, 2021 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 \$26.3 million is reported on the statement of net position as restricted because its use is limited. Of this amount, \$11.8 million represents amounts restricted for capital expenditures, \$13.7 million represents certain proceeds from serial bonds that are limited in use by their respective bond covenants, and an additional \$0.8 million for FMP contractor loans, employee flexible spending withholdings, and student scholarships and clubs.

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**Rochester City School District's Net Position – Governmental Activities**

	<u>2019-20</u>	<u>2020-21</u>
Current and other assets	\$ 306,348,812	\$ 268,148,021
Capital assets (net of accumulated depreciation)	894,940,624	905,047,204
<b>Total assets</b>	<u>1,201,289,436</u>	<u>1,173,195,225</u>
Deferred outflows	335,305,028	400,212,150
<b>Total deferred outflows of resources</b>	<u>335,305,028</u>	<u>400,212,150</u>
Long-term liabilities outstanding	1,933,251,867	1,954,394,683
Other liabilities	160,092,389	165,604,368
<b>Total liabilities</b>	<u>2,093,344,256</u>	<u>2,119,999,051</u>
Deferred pension inflow	67,127,390	91,693,434
<b>Total deferred inflows of resources</b>	<u>67,127,390</u>	<u>91,693,434</u>
Net investment in capital assets	187,608,632	197,705,336
Restricted	61,699,027	26,308,039
Unrestricted (Deficit)	(873,184,841)	(862,298,485)
<b>Total net position</b>	<u>\$(623,877,182)</u>	<u>\$(638,285,110)</u>
<b>Restatement of Net Assets (Note V.H.)</b>	<u>267,386</u>	<u>-</u>
<b>Total net position, as restated</b>	<u><u>\$(623,609,796)</u></u>	<u><u>\$(638,285,110)</u></u>

“Current and other assets” decreased by approximately \$38.2 million during fiscal year 2020-21. This decrease is driven by a variety of factors. Cash and cash equivalents decreased by approximately \$66.2 million due to the receipt of the District’s annual June 30<sup>th</sup> general and lottery advance aid payment being released on July 1<sup>st</sup> instead. Additionally, a decrease of \$44.7 million occurred in association with the elimination of the District’s proportionate share of the Teachers’ Retirement System (TRS) pension asset. At June 30, 2021 the TRS reported the District’s share as a liability instead. The TRS pension asset value from year-to-year is a function of a variety of factors such as membership structure, actuarial methods and assumptions, and stock market performance. For additional information on the TRS pension, refer to Note. V.B. These decreases were offset by increases of \$58.8 million in amounts due from other governments and \$15.2 million in prepayments, as compared to the previous year. These increases were due to amounts due from the State for the general and lottery aid advance payments as previously mentioned, as well as an increase in prepayments associated with the timing of Charter School tuition payments made at the end of June for the subsequent school year. In the previous year, the Charter school tuition payments were made at the beginning of July instead and as such, were not recorded as prepayments. The additional net decrease of \$1.3 million in current and other assets is due to nominal changes in accounts receivables and inventories.

“Capital assets (net of accumulated depreciation)” increased by approximately \$10.1 million, or 1.1%, during fiscal year 2020-21. The majority of this net increase is due to increases in construction in progress, primarily due to ongoing FMP projects which were offset by assets such as equipment which were retired. The decrease in building and improvements of

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approximately \$21.7 million occurred as less assets associated with the FMP were placed in service as compared to the previous year. These assets will be placed in service at the completion of Phase II of the program, which is anticipated to be in the fall of 2021.

“Deferred outflows” increased by \$64.9 million, or 19.4% overall, as compared to the prior year. Net deferred pension outflows increased by \$19.6 million and deferred OPEB outflows increased by \$44.4 million. Changes in pension and OPEB outflows are driven by changes in actuarial assumptions such as discount rates, actuarial mortality tables and improvement scales, headcount, inflation indexes and premium rates since the prior valuation. The remaining \$0.9 million increase of was attributable to deferred charges incurred during bond refundings.

“Long-term liabilities outstanding” increased by approximately \$21.1 million overall, as compared to the prior year. This significant increase is primarily attributable to a \$106.8 million increase in the liability for OPEB and is driven by some of the same factors mentioned above. There was also an increase of \$3.7 million in the liability recorded for the District’s self-insured workers’ compensation plan, based on the results of an independent, actuarial report which estimated the amount of this liability at June 30, 2021. This liability generally increases incrementally over time and is based on payroll costs, timing and frequency of claims reported, projected losses for claims incurred but not yet reported, etc. These increases were offset by several significant decreases. Scheduled installment payments towards the District’s outstanding bonds and bond premium amortization resulted in an overall decrease of \$60.4 million in debt related activity. The District’s net proportionate share of pension liabilities decreased by \$17.8 million as compared to the previous year. The amount of this liability (or asset) at the end of any given year is the result of a variety of factors such as actuarial assumptions, stock market performance, contribution rates and composition of membership. Additional decreases were recorded for payments on lottery advances, a reduction in construction retainages, and payments towards retirement incentive related obligations and other employee benefits totaling approximately \$11.2 million.

Other liabilities increased by \$5.5 million overall, as compared to the previous year. Amounts due to vendors including other governments for goods and services decreased by \$10.2 million; this trend is indicative of reductions in activity due to school closures. This decrease was offset by increases in amounts due to retirement systems of \$1.8 million, increases in deferred revenue of \$0.5 million, and most notably, an increase in BANs outstanding at year-end of \$13.4 million. BANs will decrease as they are periodically converted to bonds.

“Deferred pension inflows” increased by approximately \$24.6 million. Amounts reported in this account are amortized over time as a pension expense and reflect the District’s allocated portion of deferred inflows in the ERS and TRS employer cost sharing plans. For additional information on accounting and financial reporting for pensions, refer to Note V.B. of this report.

As mentioned previously, the unrestricted deficit of \$862,298,485 reported at the end of fiscal year 2020-21 is not current and represents liabilities that will be funded with future budgets.

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

	<u>2019-20</u>	<u>2020-21</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,064,766	\$ 2,949,250
Operating grants and contributions	116,401,761	98,289,978
General revenues:		
State & federal aid	591,703,124	543,312,659
Intergovernmental	119,100,000	119,100,000
Lottery aid	80,330,360	75,637,667
Other	11,052,746	10,282,233
<b>Total Revenues</b>	<u>920,652,757</u>	<u>849,571,787</u>
<b>Expenses</b>		
General support:		
Board of Education	871,620	659,122
Chief school administrator	1,569,372	719,321
Finance	8,199,775	6,082,006
Staff	9,355,374	6,230,451
Central Services	84,615,112	63,500,975
Other	8,347,142	9,161,960
<b>Total General Support</b>	<u>112,958,395</u>	<u>86,353,835</u>
Instruction:		
Administration and improvement	78,967,576	70,501,446
Teaching	612,343,345	590,433,415
Instructional media	11,687,902	10,782,973
Pupil services	46,826,962	42,641,354
<b>Total Instruction</b>	<u>749,825,785</u>	<u>714,359,188</u>
Pupil transportation	62,337,608	29,878,687
Community services	3,438,494	1,594,206
Interest on long-term debt	32,243,842	32,061,185
<b>Total Expenses</b>	<u>960,804,124</u>	<u>864,247,101</u>
Decrease in net position	(40,151,367)	(14,675,314)
<b>Net Position - Beginning</b>	(583,725,815)	(623,609,796)
<b>Restatement of Net Assets (Note V.H.)</b>	267,386	-
<b>Net Position - Ending, as Restated</b>	<u>\$ (623,609,796)</u>	<u>\$ (638,285,110)</u>

Program revenues from charges for services increased by approximately \$0.8 million, as compared to the previous year. This was primarily due to increases in billing for the 2020-21 school year, as compared to the previous year, for non-residential student placements and students educated by the District who are in hospital, home or incarcerated settings.

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Program revenues from operating grants and contributions decreased by approximately \$18.1 million, as compared to the previous year. Contributing factors are primarily pandemic related. For example, EPE grant funding is based on student contact hours, which was difficult to achieve with program and school closures. Similarly, reimbursements for summer school and the pre-K program were curtailed due to pandemic related operating constraints. Additionally, the Monroe County CAREERS program was eliminated during 2020-21; this program centers around traditional, in-person learning.

State and Federal aid decreased District-wide by approximately \$48.4 million during 2020-21, as compared to the previous year. Of this decrease, \$42.3 million is attributable to decreases in basic formula aid payable under New York State Education Law (NYSEL) 3609a. The additional decrease of \$6.1 million is primarily attributable to the continued decline in reimbursable meal service and federal commodities due to school closures.

On a government-wide basis, Lottery aid decreased by approximately \$4.7 million during 2020-21, 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 2020-21 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, expenses for general finance support decreased by \$2.1 million. This is primarily attributable to vacancies due to retirements and staff reductions and hiring freezes that occurred due to the District's financial condition in fiscal 2019-20.

On a government-wide basis, expenses for general staff support decreased by \$3.1 million. As previously mentioned, decreases in these related administrative areas are primarily attributable to vacancies due to retirements and staff reductions and hiring freezes that occurred due to the District's financial condition in fiscal 2019-20.

On a government-wide basis, expenses for central services decreased by \$21.1 million. The increased duration of school closures in 2020-21, as compared to 2019-20, resulted in additional cost avoidance in multiple areas such as utility usage, building maintenance and repair, administrative substitutes and temporary staff usage and food service and transportation labor and benefits.

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Teaching program expenses decreased by \$21.9 million as compared to the previous year. On a government-wide basis, expenses for *all* of the District's teaching programs (regular education, special education, programs for English language learners (ELL), and occupational education (CTE)) are included in this comparison. The decreases are primarily due to many of the ongoing impacts of the pandemic that have been previously discussed, due to the longer duration of school closures during fiscal year 2020-21, as compared to fiscal year 2019-20. These pandemic related annual, operating decreases account for approximately \$24.1 million decrease in teaching program expenses. This was offset by an approximate \$2.2 million net increase resulting from the allocation of the teaching program's proportionate share of expenses for long-term liabilities such as long term debt and various employee benefits.

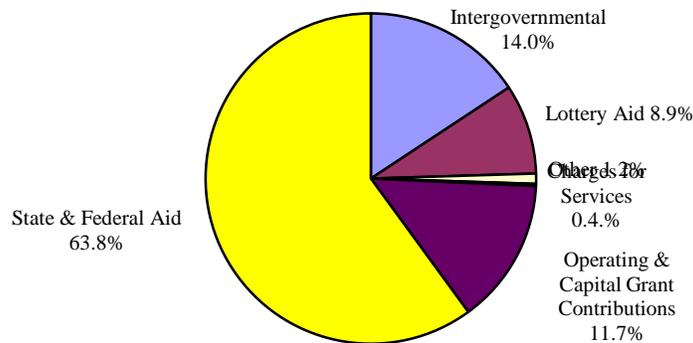
Instructional administration and improvement expenses decreased by \$8.5 million as compared to the previous year. Of this decrease, approximately \$6.1 million is attributable to pandemic-related decreases in annual, operating expenditures for the program. The additional net decrease of \$2.4 million was a result of the allocation of the program's proportionate share of expenses for long-term liabilities such as long term debt and various employee benefits.

Expenses for pupil services decreased by \$4.2 million as compared to the previous year. This decrease occurred due to pandemic-related decreases in student services, primarily nursing services not delivered due to school closures.

Transportation expenses decreased by approximately \$32.5 million, as compared to the previous year. This sharp decrease is due to extended school closures due to the pandemic.

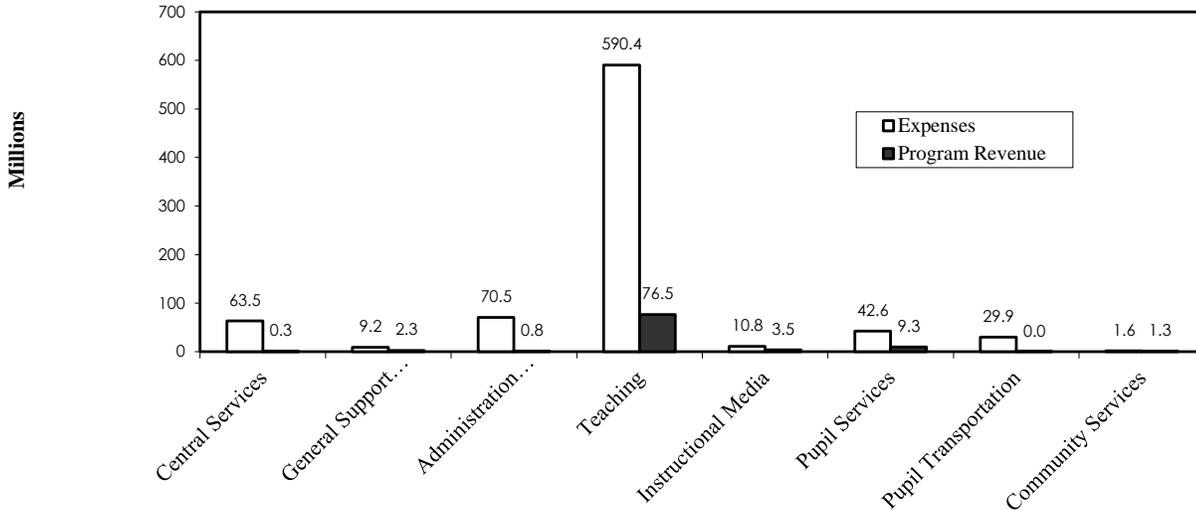
Community service expenses decreased by approximately \$1.8 million, as compared to the previous year, also due to the impacts of the school closures, and limited in person events and services due to required and/or recommended safety measures and constraints.

**Revenues by Source – Governmental Activities**



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**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 \$108.7 million, an increase of \$0.3 million from the prior year's restated fund balance of \$108.4 million. Components of the fund balance consist of a nonspendable fund balance of \$16.2 million, a restricted fund balance of \$26.3 million, a committed fund balance of \$27.8 million, an assigned fund balance of \$53.9 million and an unassigned, deficit fund balance of \$15.5 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. The assigned portion of the fund balance is the portion that has been identified for intended use by

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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 \$135.8 million. This General fund balance was comprised of \$15.6 million in prepayments for charter school tuition classified as non-spendable fund balance; \$14.5 million of restricted fund balance to apply to future debt service payments, scholarships, student activities, and flexible spending plan payments; \$27.6 million of committed fund balance for insurance claims, workers' compensation, health insurance rate stabilization and OPEB; assigned fund balance of \$52.7 million for encumbrances and capital and contract related expenditures; and an unassigned fund balance of \$25.4 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, 2021, the combined assigned and unassigned fund balance totaled \$78.2 million or approximately 13.0% of the total general fund operating expenditures of \$603.0 million, reflective of increased liquidity as compared to the previous year's measurement of 8.3%.

Given the uncertainty surrounding the 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 urgent need to continue to fortify its fund balance to meet these uncertainties. As such, the District continues to face difficult and imminent decisions surrounding the right-sizing of the District's footprint. 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.

Due to the prolonged impacts of COVID, aggregate revenues and other financing sources and aggregate expenditures and other financing uses both decreased by 8.7% and 6.6%, respectively, as compared to the previous year. The General fund balance increased by approximately \$53.3 million during the fiscal year.

Revenues from state sources decreased by approximately \$78.3 million overall, as compared to the previous fiscal year, or 11.6%. Of this decrease, \$42.3 million is attributable to decreases 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. An additional \$40.5 million decrease was attributable to reductions in lottery aid. Lottery aid is also distributed based on the statutory formulas and is dependent upon the proceeds raised in any given year. Textbook aid decreased by \$0.1 million and is allocated on a per resident pupil amount. The decreases in basic formula, lottery and textbook aids were offset by an increase of \$4.6 million in excess cost aid. The purpose of excess cost aid is to ensure that school districts meet Federal maintenance of effort requirements regarding spending for students with disabilities.

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Federal revenues increased by approximately \$3.5 million, or 65.9 %, as compared to the previous year. The District received \$5.8 million of CARES Act funding, a new source of funding in 2020-21. The CARES Act was signed into law on March 27, 2020 to help address the economic effects of the pandemic. This \$5.8 million increase was offset by a \$2.3 million decrease in Medicaid revenues. This decrease in Medicaid revenues was due to a decrease in claimable services provided to students with disabilities as well as a decrease in the overall amount of claims submitted due to various compliance issues.

Expenditures for general support staff decreased by \$1.4 million or 18.8% as compared to the previous year. This decrease was primarily due to reductions in temporary labor used for long-term illness and vacancies due to extended school closures.

Expenditures for other general support increased by \$2.0 million, or 17.0%, as compared to the previous year. The increase was primarily attributable to accrued funds reserved 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. The filing window was extended several times due to the COVID-19 pandemic, and finally closed in August 2021.

Instructional related expenditures for teaching (general education programs) decreased by \$3.2 million overall, or 1.2%, as compared to the previous year. Classroom salaries and benefits, including substitutes, continued to decline by approximately \$7.6 million during 2020-21 as compared to the previous year due as a direct result of extended, pandemic related school closures. These closures also contributed to a reduction in educational service contracts and classroom supplies of approximately \$1.9 million. These decreases were offset by increases in Charter school tuition of approximately \$5.3 million due to increases in student enrollment and per pupil tuition cost in 2020-21 as compared to the previous year as well as an increase in textbook expenditures of approximately \$1.0 million primarily due to the adoption of the new ELA curriculum.

Expenditures for special programs such as occupational education, English language learners (ELL) and special education decreased by \$3.8 million overall, or 2.6%, as compared to the previous fiscal year. Similar to general education, these programs also experienced an overall decline in classroom salaries as a result of the impacts of the pandemic.

Other instructional expenditures decreased by approximately \$14.5 million, or 14.2%, as compared to the previous year. Reductions in the following student services occurred: social work - \$1.4 million, health services - \$2.1 million, attendance related - \$0.4 million, computer assisted instruction - \$0.4 million, School Resource Officers (SROs) - \$0.9 million and athletics and co-curricular activities - \$0.8 million. In addition to student services, other instructional expenditures decreased as well. An additional \$0.5 million reduction in professional development related activity occurred due to remote learning. Reductions of approximately \$0.3 million in research, planning and evaluation program occurred due to reduced administrative positions and the reduced contractual need for electronic test scoring due to the pandemic. School and program closures contributed to approximately \$2.8 million in a reduction of school supervision related

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expenditures. Additional reductions of \$4.9 million are primarily attributable to salaries and benefits associated with various other instructional programs.

Expenditures for pupil transportation decreased by approximately \$27.0 million, or 49.3%. This sharp decrease is due to prolonged school closures as a result of the global pandemic; District students were not transported during school closures.

Expenditures for debt interest payments increased by approximately \$1.8 million, or 109.2%. The primary reason for this increase was that the RAN issued for fiscal 2020-21 was for a larger amount and longer borrowing period as compared to the previous year's RAN.

Transfers into the General fund from other funds increased by approximately \$3.1 million, or 383.9%. Of this amount, \$2.1 million is attributable to an increase in capitalized interest, which is transferred from the JSCB fund and applied to debt payments on future FMP issues. The remaining increase of \$1.0 million is attributable to a refund from the Special Aid fund for the General fund share of the ESY and Blind & Deaf programs whereby expenditures did not exceed revenues for the year, and therefore no General fund contribution was required.

Transfers out of the General fund to other funds decreased by approximately \$1.3 million, or 1.5%. Of this amount, \$0.9 million is attributable to a reduction in the amount of the General fund transfer to the Food Service fund to offset any pandemic related operating losses, as compared to the previous year. The additional \$0.4 million is the net decrease in debt related transfers from the General fund to the Debt Service fund.

***Special Aid Fund.*** There was no change in the Special Aid fund balance from fiscal year 2019-20 to fiscal year 2020-21, as the Special Aid fund maintains a "zero" fund balance from year to year as the amount of expenditures incurred are offset by grant revenues of an equivalent amount. Revenues from local sources decreased by \$1.7 million, or 34.2% primarily due to the termination of the Monroe County Careers Program in 2020. Revenues from State sources decreased by approximately \$11.6 million, or 20.8% overall, primarily due to a revenue loss in the 2020-21 UPK grant as a result of a decline in enrollment of Pre-K students during the pandemic, loss of transportation payment for the Extended School Year (ESY) program and the termination of the Extended Learning Time grant. Revenues from Federal sources decreased by \$4.9 million, or 8.7%, primarily due to a one-time purchase of Virtual Academy Learning Licenses and Culturally Responsive Curriculum Development that occurred at the beginning of fiscal year 2019-20 under the Title IV grant, the termination of the Title IV ESSA grant, a large volume of vacancies in the Title II grant due to program changes, and a decrease in expenditures in the 21<sup>st</sup> Century grant due to the pandemic.

***School Food Service Fund.*** Operating revenues decreased by \$7.9 million, or 45.0%, in the School Food Service fund during fiscal 2020-21 as compared to the prior year, while operating expenditures decreased by \$8.8 million, or 44.7% during the same period. The decrease in expenditures is the result of decreased costs of food, overhead, substitutes and extra pay resulting from the impacts of school closures due to the global pandemic. Similarly, the reduction in reimbursable meals served due to the school closures was the primary reason that revenues declined.

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

Revenues from Federal sources decreased by \$7.3 million overall, due to the reduction of reimbursable meals served due to pandemic related school closures during fiscal year 2020-21. Similarly, revenues from State sources decreased by \$0.1 million for the same reason. Surplus food decreased by approximately \$0.4 million. Surplus food consists of Federal subsidies of commodities which fluctuate in accordance with food consumption.

General support expenditures decreased by \$5.2 million, or 42.7%, primarily due to reductions in food service staff required as a result of extended school closures and the resulting reduction in meal service, as compared to the previous year. Similarly, the cost of food decreased by \$3.5 million, or 47.9%, as compared to the previous year.

Food and supply inventory at year end decreased by \$0.5 million or 43.4% as compared to inventory levels at the previous year end. Due to the drastic reduction in meals served during the year, inventory levels were reduced to avoid waste and spoilage.

***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.

No fund balance existed in the Debt Service fund at the end of fiscal 20-21. Any balance in the Debt Service fund typically represents an accumulation of interest and/or premiums earned on existing or newly issued debt and is used to repay future debt payments.

***Capital Projects Fund.*** The fund balance for the Capital Projects fund for fiscal year 2020-21 decreased by \$15.0 million as compared to the previous year. The primary reasons for this decrease are that no bonds were issued during 2020-21 in association with the Capital Projects fund and the City Charter requirement for the \$10.0 million annual cash capital transfer was waived by City Council.

Capital Projects fund revenues decreased by approximately \$1.8 million, or 88.9% as compared to the previous year. This change was primarily due to decreases in reimbursements from the Smart School Bond Act (SSBA) as compared to the previous year.

Capital outlay decreased by approximately \$6.3 million, or 25.6% as compared to the previous year. This was due to negligible SSBA spending and the cumulative effect of a second year without a \$10.0 million annual cash capital transfer.

Other financing sources increased by \$2.0 million due to a reduction in BAN principal payments.

***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 \$38.0 million. This decrease is primarily due to the construction expenses incurred for projects which will complete Phase II. No additional Phase II bond revenue was issued to offset these construction expenditures, causing the decline in fund

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

balance. COMIDA Bonds are issued by the Monroe County Industrial Development Agency on behalf of the RJSCB to fund the Facilities Modernization Program projects.

Fund revenues decreased by \$5.9 million or 99.0% overall as compared to the previous year. This sharp decline is due to the decrease of \$0.8 million in interest earnings as fewer unspent proceeds are earning interest due to the run-out of Phase II funding prior to completion of this phase. An additional decrease of \$0.8 million is attributable to the elimination of Community Schools Grant funding used to support Phase II projects. The remaining \$4.3 million decrease is attributable to the eliminated use of SSBA funding. Total JSCB fund operating expenditures decreased by \$67.7 million mainly due to the near completion status of Phase II.

The net decrease of other financing sources and uses of \$57.2 million, or 103.8% is primarily attributable to the non-issuance of bonds in 2020-21. Bond financing was issued to fund capital projects the previous year.

**General Fund Budgetary Highlights**

<u>Revenues</u>	Budgeted Amounts		Actual	Variance with Final Budget
	Adopted	Final		
Local sources	\$ 129,778,000	\$ 132,343,093	\$ 130,986,508	\$ 1,356,585
State sources	648,299,964	594,580,037	599,017,586	(4,437,549)
Federal sources	2,100,000	32,742,792	8,730,858	24,011,934
Other financing sources - transfers in	500,000	2,066,682	3,890,822	(1,824,140)
	<u>\$ 780,677,964</u>	<u>\$ 761,732,604</u>	<u>\$ 742,625,774</u>	<u>\$ 19,106,830</u>
<u>Expenditures</u>				
General support	\$ 68,849,682	\$ 62,473,287	\$ 52,669,202	\$ 9,804,085
Instructional	398,480,671	401,321,949	375,859,237	25,462,712
Pupil transportation	77,914,612	55,657,436	25,157,048	30,500,388
Community services	359,546	264,013	131,701	132,312
Employee benefits	150,965,138	150,820,582	145,740,843	5,079,739
Debt service	4,472,346	4,617,064	3,428,606	1,188,458
Other financing uses - transfers out	79,635,969	86,578,273	86,316,186	262,087
	<u>\$ 780,677,964</u>	<u>\$ 761,732,604</u>	<u>\$ 689,302,823</u>	<u>\$ 72,429,781</u>
Excess (deficiency) of revenues and other financings sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,322,951</u>	<u>\$ (53,322,951)</u>

**Adopted Budget Compared to Final Budget**

CARES funding was reclassified as part of the budget amendment from a State revenue source to a Federal revenue source; this attributed to \$29.1 million of the variance between the decrease in State revenues and increase in Federal revenues as part of the comparison of the original and amended budget. The \$1.6 million increase in other financing sources between the original and amended budget occurred due to the refund of the General fund's local share of special education programs for blind and deaf children as well as summer school. Due to the impacts of the global pandemic and program closures and eliminations, the expenditures for these programs did not meet the threshold for general fund reimbursement.

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

General support expenditures were adjusted downward by \$6.3 million in alignment with anticipated reductions in revenue resulting from the impacts of school closures due to the global pandemic. A significant decrease of \$22.2 million in transportation expenditures also occurred as part of the budget amendment due to school closures as well. The debt service budget was amended to include interest expenditures associated with a RAN borrowing. The increase over the original budget in other financing uses – transfers out increase is attributable to a food service fund loss transfer and fluctuations in debt activity.

**Final Budget Compared to Actual Results**

Actual revenues from federal sources were significantly lower, by \$24.0 million, than the amended budget due to the timing of Federal CARES aid. This revenue will be claimed in 2021-22 instead, due to developments late in the 2020-21 year. The \$1.8 million increase in other financing sources can be attributed to an unanticipated premium on debt issuance.

General support expenditures were lower than the final budget by \$9.8 million due to reductions in facilities and maintenance infrastructure costs as a result of the pandemic-related school closures as well as vacancies amongst finance staff. Actual instructional expenditures were lower than the amended budget by \$25.5 million due to pandemic-related impacts such as tuition and salary reductions due to remote learning, reduced spend on in-service stipends due to vacancies, unrealized nursing services, and spending for interscholastic athletics. Actual pupil transportation expenditures were significantly lower than the final budgeted amount due to the lack of need for services during an extended remote learning environment. The debt service amended budget increase was under-utilized due to capitalized interest and the reclassification of BAN principal expense from debt service principal to interfund transfers out.

**Capital Asset and Debt Administration**

**Capital assets.** The District's capital assets, net of depreciation, for its governmental activities as of June 30, 2021 amounted to \$905.0 million. This investment in capital assets includes land, buildings, building improvements, machinery, equipment, and construction in progress. There was a net increase in the District's investment in capital assets for the current fiscal year of \$10.1 million. Major capital asset events during the current year included the following:

- Ongoing repairs and improvements. The District added \$18.1 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 \$31.9 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). The anticipated completion timeframe of Phase II is the fall of 2022.

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

**Capital Assets (Net of Depreciation) - Governmental Activities**

	<u>2019-20</u>	<u>2020-21</u>
Land	\$ 18,562,083	\$ 18,562,083
Buildings & Improvements	708,407,561	686,665,964
Equipment & Other	17,967,810	13,706,096
Construction in Progress	150,003,170	186,113,061
<b>Total</b>	<u>\$ 894,940,624</u>	<u>\$ 905,047,204</u>

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:

	<u>2019-20</u>	<u>2020-21</u>
RCSD Bonds	\$ 106,350,777	\$ 87,112,355
RJSCB Bonds	529,595,000	496,025,000
<b>Total</b>	<u>\$ 635,945,777</u>	<u>\$ 583,137,355</u>

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 A2 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, 2021 was \$249,099,403 leaving a debt-contracting margin of \$110,709,048. 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. The cost of educating our children continues to outpace State and Federal aid. During the 2021-22 budget planning process, the General fund budget increased by approximately \$59.6 million. The key cost drivers are year-to-year increases of approximately \$22.0 million in contractual salaries and benefits. Additionally, the charter school tuition budget was increased by \$11.2 million due to increased enrollments and per student tuition. Other tuition costs such as

**ROCHESTER CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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BOCES, private and parochial also increased by approximately \$6.8 million. The City of Rochester requires a \$10.0 million Maintenance of Effort transfer from the General fund to the Capital fund which was budgeted in 2021-22 and for which the District received a waiver for in the previous year. As part of the revenue analysis the District budgeted a decrease of approximately \$50.0 million in transportation aid due to remote learning environment in the 2020-2021 school year, as aid is calculated based on prior year expenditures. The District did receive an approximate \$40.0 million increase in foundation aid. Additionally, the District used \$33.1 million in appropriated fund balance as well as \$23.0 million in Federal CARES funding to balance the budget. The 2021-22 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 2021-22 original budget of \$840,274,692 represents an increase of approximately 10.3% from the 2020-21 amended budget of \$761,732,604. This increase reflects additional basic formula aid of approximately \$40.0 million compared to 2020-21 that was authorized by the State legislature. Additionally, Federal CARES Act funding was used to balance the budget in the amount of approximately \$23.0 million. The District balanced its 2021-22 General fund budget using the aforementioned funds while eliminating negative appropriations associated with FTE vacancies and implementing more precise methodologies in estimating appropriations for items that include but are not limited to charter schools, 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.

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# **BASIC FINANCIAL STATEMENTS**

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**ROCHESTER CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 90,493,336
Restricted Cash and Cash Equivalents	31,680,491
Accounts Receivable	2,243,222
Due from Other Governments	127,500,149
Prepayments	15,614,594
Inventories	616,229
Capital Assets (net of accumulated depreciation):	
Land	18,562,083
Buildings and Improvements	686,665,964
Equipment and Other	13,706,096
Construction In Progress	186,113,061
<b>Total Assets</b>	<u>1,173,195,225</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding, Net of Amortization	1,720,200
Deferred Post Employment Benefits Outflow (OPEB)	195,027,344
Deferred Pension Outflow	203,464,606
<b>Total Deferred Outflows of Resources</b>	<u>400,212,150</u>
<b>Liabilities</b>	
Accounts Payable	23,087,993
Accrued Liabilities	56,720,276
Due To Other Governments	4,796,668
Due To Retirement Systems	27,959,321
Unearned Revenue	1,762,110
Notes Payable, BANs	51,278,000
Noncurrent Liabilities:	
Retainages Payable	1,655,182
Due Within One Year	77,011,199
Due in More Than One Year	1,875,728,302
<b>Total Liabilities</b>	<u>2,119,999,051</u>
<b>Deferred Inflows of Resources</b>	
Deferred Pension Inflow	91,693,434
<b>Total Deferred Inflows of Resources</b>	<u>91,693,434</u>
<b>Net Position</b>	
Net Investment in Capital Assets	197,705,336
Restricted for Capital Expenses	11,750,322
Restricted for Debt Service	13,714,795
Restricted for Scholarships	198,887
Restricted for Student Funds	26,650
Restricted for Flexible Spending	517,385
Restricted for Revolving Loan Program	100,000
Unrestricted (Deficit)	(862,298,485)
<b>Total Net Position</b>	<u>\$ (638,285,110)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Function/Program</u>	<u>Expense</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position and Changes in Net Position Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General Support:				
Board of Education	\$ 659,122	\$ -	\$ -	\$ (659,122)
Chief School Administrator	719,321	-	-	(719,321)
Finance	6,082,006	-	-	(6,082,006)
Staff	6,230,451	-	-	(6,230,451)
Central Services	63,500,975	254,861	51,173	(63,194,941)
Other	9,161,960	-	2,315,958	(6,846,002)
<b>Total General Support</b>	<u>86,353,835</u>	<u>254,861</u>	<u>2,367,131</u>	<u>(83,731,843)</u>
Instruction:				
Administration and Improvement	70,501,446	-	8,035,990	(62,465,456)
Teaching	590,433,415	2,694,389	73,781,432	(513,957,594)
Instructional Media	10,782,973	-	3,493,331	(7,289,642)
Pupil Services	42,641,354	-	9,281,286	(33,360,068)
<b>Total Instruction</b>	<u>714,359,188</u>	<u>2,694,389</u>	<u>94,592,039</u>	<u>(617,072,760)</u>
Pupil Transportation	29,878,687	-	14,454	(29,864,233)
Community Services	1,594,206	-	1,316,354	(277,852)
Interest on Long-Term Debt	32,061,185	-	-	(32,061,185)
<b>Total Governmental Activities</b>	<u>\$ 864,247,101</u>	<u>\$ 2,949,250</u>	<u>\$ 98,289,978</u>	<u>(763,007,873)</u>
General Revenues:				
Intergovernmental				119,100,000
Use of Money and Property				1,096,001
State and Federal Aid				543,312,659
Lottery Aid				75,637,667
Miscellaneous				9,186,232
<b>Subtotal, General Revenues</b>				<u>748,332,559</u>
Change in Net Position				(14,675,314)
Net Position - Beginning				(623,877,182)
Restatement of Net Assets (Note V. H.)				267,386
<b>Net Position - Ending</b>				<u>\$ (638,285,110)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT  
BALANCE SHEET, GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2021**

(continued next page)

	General	Special Aid	School Food Service
<b>Assets</b>			
Cash and cash equivalents	\$ 90,493,256	\$ -	\$ 80
Restricted cash and cash equivalents	14,457,717	-	-
Receivables:			
Accounts	2,164,447	62,715	2,612
Due from other funds	27,888,159	-	602,957
Due from other governments	84,407,439	40,953,644	2,139,066
Prepayments	15,600,668	2,339	-
Inventories at cost	-	-	616,229
Total assets	<u>\$ 235,011,686</u>	<u>\$ 41,018,698</u>	<u>\$ 3,360,944</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 7,642,455	\$ 4,938,014	\$ 301,322
Accrued liabilities	51,646,191	2,948,086	321,030
Due to other funds	12,334,033	26,352,431	803,383
Due to other governments	3,397,407	1,399,261	-
Due to retirement systems	24,144,943	3,627,186	150,972
Unearned revenues	8,390	1,753,720	-
Notes payable - BANS	-	-	-
Total liabilities	<u>99,173,419</u>	<u>41,018,698</u>	<u>1,576,707</u>
Fund balances:			
Nonspendable			
Inventory	-	-	616,229
Prepayments	15,600,668	2,339	-
Restricted For			
Capital expenditures	-	-	-
Debt service	13,714,795	-	-
Scholarships	198,887	-	-
Student funds	26,650	-	-
Flexible spending	517,385	-	-
Revolving loan program	-	-	-
Committed For			
Revolving loan program	-	-	-
Insurance claims	1,000,000	-	-
Workers' compensation	5,000,000	-	-
Other post employment benefits (OPEB)	17,000,000	-	-
Health insurance	4,625,000	-	-
Assigned For			
Capital - local share	14,100,000	-	-
Contract settlements	3,000,000	-	-
Encumbrances	855,337	-	-
Appropriation for subsequent year's budget	33,100,000	-	-
Food service	1,700,000	-	1,168,008
Unassigned	25,399,545	(2,339)	-
Total fund balance	<u>135,838,267</u>	<u>-</u>	<u>1,784,237</u>
Total liabilities and fund balances	<u>\$ 235,011,686</u>	<u>\$ 41,018,698</u>	<u>\$ 3,360,944</u>

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

Capital Projects	RJSCB	Total Governmental Funds
\$ -	\$ -	\$ 90,493,336
2,157,213	15,065,561	31,680,491
-	13,448	2,243,222
10,904,328	155,964	39,551,408
-	-	127,500,149
-	11,587	15,614,594
-	-	616,229
<u>\$ 13,061,541</u>	<u>\$ 15,246,560</u>	<u>\$ 307,699,429</u>
\$ 858,950	\$ 3,174,199	\$ 16,914,940
1,804,969	-	56,720,276
-	61,561	39,551,408
-	-	4,796,668
36,220	-	27,959,321
-	-	1,762,110
51,278,000	-	51,278,000
<u>53,978,139</u>	<u>3,235,760</u>	<u>198,982,723</u>
-	-	616,229
-	11,587	15,614,594
-	11,750,322	11,750,322
-	-	13,714,795
-	-	198,887
-	-	26,650
-	-	517,385
-	100,000	100,000
-	148,891	148,891
-	-	1,000,000
-	-	5,000,000
-	-	17,000,000
-	-	4,625,000
-	-	14,100,000
-	-	3,000,000
-	-	855,337
-	-	33,100,000
-	-	2,868,008
(40,916,598)	-	(15,519,392)
<u>(40,916,598)</u>	<u>12,010,800</u>	<u>108,716,706</u>
<u>\$ 13,061,541</u>	<u>\$ 15,246,560</u>	<u>\$ 307,699,429</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, 2021**

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

Total fund balances (page 34)	\$ 108,716,706
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	718,934,143
Construction in progress for governmental activities is not a financial resource and, therefore, is not reported in the funds.	186,113,061
Deferred charges on refunding net of amortization are not available resources and, therefore, are not reported in the funds.	1,720,200
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.	(1,823,249,119)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(43,881,172)
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.	111,771,172
Net deferred outflows related to OPEB are not financial resources and, therefore, are not reported in the funds.	195,027,344
Deferred amounts related to pension deferrals payable in future years are not a use of current resources and, therefore, are not reported in the funds.	(5,206,625)
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.	(82,057,767)
Net accrued interest expense for bonds and notes are not reported in the funds.	(6,173,053)
Net position of governmental activities	<u>\$ (638,285,110)</u>

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

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**ROCHESTER CITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(continued next page)

	General	Special Aid
<b>Revenues</b>		
Local sources:		
Use of money and property (interest and rent)	\$ 282,105	\$ -
Charges for services	2,694,389	
Sale of property and compensation for loss	2,911,533	
Intergovernmental	119,100,000	-
Other	4,184,103	3,207,649
State sources	599,017,586	44,160,358
Federal sources	8,730,858	50,921,971
Surplus food	-	-
Total revenues	<u>736,920,574</u>	<u>98,289,978</u>
<b>Expenditures</b>		
Current:		
General Support:		
Staff	6,213,610	-
Central services	47,066,235	51,173
Other	13,698,335	2,360,232
Instructional:		
Teaching - regular school	271,170,233	26,105,723
Special apportionment programs	145,609,881	18,962,586
Other	87,811,918	48,465,517
Pupil transportation	27,788,729	14,454
Community services	199,090	1,316,355
Cost of sales	-	-
Debt service:		
Principal	-	-
Interest	3,428,606	-
Capital outlay	-	-
Total expenditures	<u>602,986,637</u>	<u>97,276,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133,933,937</u>	<u>1,013,938</u>
<b>Other Financing Sources (Uses)</b>		
Net premium on debt issuance	1,814,378	-
Transfers in	3,890,822	-
Transfers out	(86,316,186)	(1,013,938)
Total other financing sources (uses)	<u>(80,610,986)</u>	<u>(1,013,938)</u>
Net change in fund balances	53,322,951	-
Fund balances (deficit) - beginning, restatement, Note V.H.	82,515,316	-
Fund balances (deficit) - ending	<u>\$ 135,838,267</u>	<u>\$ -</u>

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

School Food Service	Debt Service	Capital Projects	RJSCB	Total Governmental Funds
\$ -	\$ 810,203	\$ -	\$ 3,693	\$ 1,096,001
-	-	-	-	2,694,389
-	-	-	-	2,911,533
-	-	-	-	119,100,000
4,122	-	222,246	53,973	7,672,093
295,851	-	-	-	643,473,795
8,704,905	-	-	-	68,357,734
618,531	-	-	-	618,531
<u>9,623,409</u>	<u>810,203</u>	<u>222,246</u>	<u>57,666</u>	<u>845,924,076</u>
-	-	-	-	6,213,610
-	-	-	-	47,117,408
7,026,113	-	-	-	23,084,680
-	-	-	-	297,275,956
-	-	-	-	164,572,467
-	-	-	-	136,277,435
-	-	-	-	27,803,183
-	-	-	-	1,515,445
3,847,670	-	-	-	3,847,670
-	52,808,422	-	-	52,808,422
-	29,032,764	-	-	32,461,370
-	-	18,427,698	35,968,337	54,396,035
<u>10,873,783</u>	<u>81,841,186</u>	<u>18,427,698</u>	<u>35,968,337</u>	<u>847,373,681</u>
<u>(1,250,374)</u>	<u>(81,030,983)</u>	<u>(18,205,452)</u>	<u>(35,910,671)</u>	<u>(1,449,605)</u>
-	-	-	-	1,814,378
1,300,000	81,841,186	3,175,000	-	90,207,008
-	(810,203)	-	(2,066,681)	(90,207,008)
<u>1,300,000</u>	<u>81,030,983</u>	<u>3,175,000</u>	<u>(2,066,681)</u>	<u>1,814,378</u>
49,626	-	(15,030,452)	(37,977,352)	364,773
1,734,611	-	(25,886,146)	49,988,152	108,351,933
<u>\$ 1,784,237</u>	<u>\$ -</u>	<u>\$ (40,916,598)</u>	<u>\$ 12,010,800</u>	<u>\$ 108,716,706</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, 2021**

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)	\$ 364,773
Amortization recorded in the statement of activities that does not use current financial resources is not reported as an expenditure in the funds.	923,124
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.	54,641,756
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 \$574,594, TRS \$2,604,268].	3,178,862
The net increase 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.	(108,360,899)
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.	50,035,831
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.	3,620,091
Depreciation is recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(43,407,268)
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.	1,613,307
Asset disposals are recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(1,755,381)
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.	4,038,272
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 \$61,425,388, TRS (\$88,407,282)].	(26,981,894)
Net decrease 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 (\$57,073,773), TRS \$52,117,849].	(4,955,924)
Increase in deferred outflow 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.	44,373,878
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.	7,996,158
Changes in net position of governmental activities	<u>\$ (14,675,314)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2021**

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	<b>Custodial Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents - Restricted	\$ 92,630
Total Assets	<u>92,630</u>
<b>Net Position</b>	
Restricted for High School Extraclassroom Activities	92,630
Total Net Position	<u>\$ 92,630</u>

The notes to the basic 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, 2021**

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	<u><b>Custodial Funds</b></u>
<b>Beginning Balance, as Restated (Note V.H.)</b>	\$ 115,652
<b>Additions:</b>	
High School Extraclassroom Activities	<u>35,134</u>
Total additions	35,134
<b>Deductions:</b>	
High School Extraclassroom Activities	<u>58,156</u>
Total deductions	<u>58,156</u>
Net decrease in fiduciary net position	<u>(23,022)</u>
<b>Ending Balance</b>	<u><u>\$ 92,630</u></u>

The notes to the basic 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, 2021**

**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, 2020 to June 30, 2021. 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 of the District staff with respect to 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 117 – 118 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  
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rehabilitation of existing school buildings for their continued use as schools by the District. Statements of RJSCB can be obtained from the RJSCB's Executive Director, 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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

**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 financials 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.

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 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 \$810,203 for fiscal year 2020-21, 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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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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.

**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 \$616,229 in inventory at June 30, 2021. 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

**7. Prepaid Items**

The District utilizes the consumption method to record prepaid expenditures. As of June 30, 2021, the General fund recorded prepaid expenditures in the amount of \$15,600,668 for charter schools and subscriptions. Prepayments of \$2,339 were recorded in the Special Aid fund for travel reservations. Additionally, prepayments of \$11,587 were recorded in the RJSCB fund for insurance. These prepayments will be recorded as expenditures during the fiscal year 2021-22. 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*

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*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 three 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. The third 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 outflows.

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 one item that qualifies for reporting in this category; the deferred inflow related to pensions reported in the government-wide Statement of Net Position. Refer to Note V.B. for additional details on deferred pension inflows.

**9. Unearned Revenue**

The District received cash in advance of expenditures in the amount of \$8,390 in the General fund at June 30, 2021 for seminar fees associated with events scheduled to occur during fiscal year 2021-22. The District also received cash in advance of expenditures in the amount of \$1,753,720 for Special Aid fund projects during fiscal year 2020-21. These funds represent receipts for various grants that were not fully spent as of June 30, 2021. As the funds are spent during fiscal year 2021-22, 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

**ROCHESTER CITY SCHOOL DISTRICT  
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and government-wide financial statements. A liability of \$1,719,681 is recorded on the fund basis balance sheet for compensated absences incurred during fiscal 2020-21, but expected to be paid within 60 days of the end of the fiscal year, and a non-current liability of \$4,474,366 has been recorded on the Statement of Net Position for estimated vacation expense incurred during 2020-21, 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 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

**ROCHESTER CITY SCHOOL DISTRICT  
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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 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, 2021 were recommended by the District's Chief Financial Officer, with final approval residing with the BOE.

*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, 2021, the District has \$855,337 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

**ROCHESTER CITY SCHOOL DISTRICT  
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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, 2021, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The District reclassified certain activities, no longer considered fiduciary in nature, to the governmental funds to comply with this Statement in the current year.

**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 (\$1,823,249,119) difference are as follows:

Bonds payable	\$ (583,137,355)
Compensated absences	(4,474,366)
Other post-employment benefits	(1,158,687,062)
Due to other governments	(43,166,666)
Claims payable	(32,128,488)
Retainages payable	<u>(1,655,182)</u>
	<u>\$ (1,823,249,119)</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 \$54,641,756 difference are as follows:

Bond principal payments	\$ 52,808,422
Contractual obligation principal payments	<u>1,833,334</u>
	<u>\$ 54,641,756</u>

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Another element of that reconciliation states that, “Net increases in long-term debt for governmental funds is not recorded as an expenditure in governmental funds.” Details of this (\$108,360,899) difference are as follows:

Claims payable	\$ (1,949,016)
Other post-employment benefits	(106,755,016)
Compensated absences	<u>343,133</u>
	<u>\$ (108,360,899)</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 2020-21 began on July 1, 2020 and ended on June 30, 2021. By City Charter, the Board of Education must submit a balanced budget 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 (\$18,945,360) for the General Fund \$164,482 for the Special Aid fund, and (\$3,000,000) for the School Food Service Fund.

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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, 2021, the Capital Projects Fund has a deficit fund balance of \$40,916,598. 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.

**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 \$92,630 reported in the Custodial fund restricted for high school extra classroom activities, \$15,065,561 reported in the RJSCB fund primarily comprised of unexpended bond proceeds, \$2,157,213 in the Capital Projects fund comprised of unexpended BAN proceeds, and \$14,457,717 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 \$122,067,570. 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 \$198,887. 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.

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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.

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, 2021, 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>RJSCB</u>	<u>Total</u>
\$2,164,447	\$62,715	\$2,612	\$13,448	\$2,243,222

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 the District for food rebates and charter school catering. The RJSCB fund receivable was for accrued interest.

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**C. Capital Assets**

**1. Significant Construction Commitments**

The District, along with the RJSCB, capitalized \$53.7 million of assets during fiscal year 2020-21. These disbursements were for equipment, land, construction in progress, and improvements to various facilities. It is estimated that \$137.2 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 2020-21, the District had no material asset impairments or insurance recoveries.

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 18,562,083	\$ -	\$ -	\$ 18,562,083
Construction in Progress	150,003,170	50,035,831	13,925,940	186,113,061
Total capital assets not being depreciated	<u>168,565,253</u>	<u>50,035,831</u>	<u>13,925,940</u>	<u>204,675,144</u>
Capital assets being depreciated:				
Buildings & Improvements	1,117,018,375	17,067,025	1,557,192	1,132,528,208
Equipment & Other	56,786,773	479,006	198,189	57,067,590
Total capital assets being depreciated	<u>1,173,805,148</u>	<u>17,546,031</u>	<u>1,755,381</u>	<u>1,189,595,798</u>
Less accumulated depreciation for:				
Buildings & Improvements	(408,610,814)	(38,719,401)	(1,467,971)	(445,862,244)
Equipment & Other	(38,818,963)	(4,687,867)	(145,336)	(43,361,494)
Total accumulated depreciation	<u>(447,429,777)</u>	<u>(43,407,268)</u>	<u>(1,613,307)</u>	<u>(489,223,738)</u>
Total capital assets being depreciated, net	<u>726,375,371</u>	<u>(25,861,237)</u>	<u>142,074</u>	<u>700,372,060</u>
District capital assets, net	<u>\$ 894,940,624</u>	<u>\$ 24,174,594</u>	<u>\$ 14,068,014</u>	<u>\$ 905,047,204</u>

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

Instructional teaching regular school	\$ 38,630,633
General support central services	4,420,501
Pupil transportation	291,057
Community services	65,077
	<u>\$ 43,407,268</u>

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

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**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, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 27,888,159	\$ 12,334,033
Special Aid	-	26,352,431
School Food Service	602,957	803,383
Capital Projects	10,904,328	-
RJSCB	155,964	61,561
<b>Total</b>	<u>\$ 39,551,408</u>	<u>\$ 39,551,408</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, 2021:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,890,822	\$ 86,316,186
Special Aid	-	1,013,938
School Food Service	1,300,000	-
Debt Service	81,841,186	810,203
Capital Projects	3,175,000	-
RJSCB	-	2,066,681
<b>Total</b>	<u>\$ 90,207,008</u>	<u>\$ 90,207,008</u>

**E. Due from Other Governments**

As of year ended June 30, 2021, 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	\$ 4,479,296	\$ 78,929,418	\$ 998,725	\$ 84,407,439
Special Aid	4,657,765	20,521,927	15,773,952	40,953,644
School Food Service	-	66,182	2,072,884	2,139,066
<b>Total</b>	<u>\$ 9,137,061</u>	<u>\$ 99,517,527</u>	<u>\$ 18,845,561</u>	<u>\$ 127,500,149</u>

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**F. Operating Leases**

The District leases various property and equipment under operating leases. In addition, the District leases property to third parties. The District receipts are the result of subleasing. The rental income and expenditures for the fiscal year 2020-21 for operating leases were approximately \$0.2 million and \$2.9 million, respectively, not including NYS lease aid.

The following is a schedule of the total future minimum rental commitments required under operating leases as of June 30, 2021:

<u>Fiscal Year</u>	<u>Receipts</u>	<u>Payments</u>
2021-22	\$ 19,000	\$ 1,159,996
2022-23	19,000	1,159,996
2023-24	19,000	1,246,662
2024-25	19,000	1,246,662
2025-26	19,000	1,246,662
	<u>\$ 95,000</u>	<u>\$ 6,059,978</u>

The District anticipates receiving approximately \$1.1 million in NYS lease aid in 2021-22 and \$450,000 annually in the years that follow to offset the payment amounts shown.

**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 2020-21 are accounted for in the Capital fund.

The schedule below details the changes in short-term debt for the year ended June 30, 2021:

	<u>Balance</u>	<u>Issues</u>	<u>Redeemed</u>	<u>Balance</u>
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2021</u>	<u>June 30, 2021</u>
BANs (District)	\$ 37,850,000	\$ 16,603,000	\$ 3,175,000	\$ 51,278,000

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**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, 2021:

<b>Governmental Activities:</b>	<b>Balance June 30, 2020</b>	<b>New Issues/ Additions</b>	<b>Maturities/ Reductions</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 4,817,499	\$ 5,440,410	\$ 5,783,543	\$ 4,474,366	\$ 4,474,366
Claims Payable -					
Workers' Compensation	23,219,472	8,968,861	5,309,845	26,878,488	6,200,881
TRS Incentive (Local)	6,960,000	-	1,710,000	5,250,000	1,750,000
Other Post Employment Benefits	1,051,932,046	134,518,302	27,763,286	1,158,687,062	-
Due to Other Governments -					
NYS Lottery Advances	45,000,000	-	1,833,334	43,166,666	1,833,333
NYS ERS Loan Payable	3,086,227	-	574,594	2,511,633	592,798
NYS TRS Loan Payable	5,299,260	-	2,604,268	2,694,992	2,694,992
ERS Pension Liability	61,644,392	-	61,425,388	219,004	-
TRS Pension Liability	-	43,662,168	-	43,662,168	-
General Obligation Bonds -					
District Serial Bonds	106,350,777	-	19,238,422	87,112,355	14,858,856
Premium	9,362,433	-	1,272,985	8,089,448	1,272,985
School Facilities Revenue Bonds-					
FMP Revenue Bonds	529,595,000	-	33,570,000	496,025,000	37,010,000
Premium	80,291,307	-	6,322,988	73,968,319	6,322,988
<b>Total Long Term Liabilities</b>	<b>\$ 1,927,558,413</b>	<b>\$ 192,589,741</b>	<b>\$ 167,408,653</b>	<b>\$ 1,952,739,501</b>	<b>\$ 77,011,199</b>

Compensated absences paid in fiscal year 2020-21 totaled approximately \$5.4 million, excluding payroll taxes. This amount is reflected in maturities/reductions along with any balance remaining from fiscal year 2019-20. The new issues/additions reflect the new long-term liability at June 30, 2021. The General fund is typically used to liquidate all long-term liabilities, as well as debt related liabilities. The schedule below presents the changes in estimated workers' compensation, which are included in claims payable.

	<b>Workers' Compensation</b>
Estimated claims June 30, 2019	\$ 24,149,389
Additions 2019-20	4,841,202
Payments 2019-20	5,771,119
Estimated claims June 30, 2020	<u>\$ 23,219,472</u>
Additions 2020-21	8,968,861
Payments 2020-21	5,309,845
Estimated claims June 30, 2021	<u>\$ 26,878,488</u>

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 have received two 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.

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Due to Other Governments includes a lottery aid advance from the New York State Education Department (SED) and ERS and TRS pension loans for deferred contribution amounts from prior years, as well as the net pension plan liability.

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 was made in fiscal 2020-21 and will be recorded as an annual deduction 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. The amount of interest outstanding at June 30, 2020 was approximately \$27,000. 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 began in 2015-16. The amount of interest outstanding at June 30, 2021 was approximately \$0.2 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%. 2012 Series I 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

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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, 2021 are as follows:

<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>2020-21 Rate</b>	<b>Series</b>	<b>Issue Amount</b>	<b>Maturity Date</b>	<b>2020-21 Rate</b>
<b>RCSD General Obligation Bonds</b>				<b>JSCB School Facility Revenue Bonds</b>			
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	5.00	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 \$249,099,403 as of June 30, 2021. The District had \$26,410,000 of authorized but unissued debt as of June 30, 2021. The debt-contracting margin of the District as of June 30, 2021 was \$110,709,048.

The District paid no arbitrage to the Federal Government during 2020-21. 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.

2. 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, 2021:

<b>Fiscal Year Ending June 30</b>	<b>District Principal</b>	<b>District Interest</b>	<b>JSCB Principal</b>	<b>JSCB Interest</b>	<b>Total</b>
2022	\$ 14,859	\$ 2,736	\$ 37,010	\$ 24,324	\$ 78,929
2023	13,299	2,296	38,545	22,700	76,840
2024	11,429	1,910	40,060	21,197	74,596
2025	7,828	1,601	41,655	19,619	70,703
2026	7,140	1,353	43,325	17,961	69,779
2027-31	26,862	3,443	202,150	54,989	287,444
2032-36	5,695	286	93,280	9,802	109,063
	<u>\$ 87,112</u>	<u>\$ 13,625</u>	<u>\$ 496,025</u>	<u>\$ 170,592</u>	<u>\$ 767,354</u>

**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:

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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 \$6,053,000 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.

The schedule below presents the calculation of the District's estimated claims at June 30, 2021 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 2020-21 that are expected to be paid within the subsequent fiscal year.

	<b>Workers' Compensation</b>	<b>Health Insurance</b>
Estimated claims July 1, 2019	\$ 5,823,872	\$ 4,848,000
Claims incurred 2019-20	5,962,621	88,072,399
Payments and reductions 2019-20	5,771,119	88,827,399
Estimated claims June 30, 2020	<u>\$ 6,015,374</u>	<u>\$ 4,093,000</u>
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	<u>\$ 6,200,881</u>	<u>\$ 6,053,000</u>

A current liability of \$6,200,881 and a non-current liability of \$20,677,607 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

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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 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](http://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](http://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

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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, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability 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.

	ERS	TRS
Measurement date	03/31/2021	6/30/2020
Net pension liability	\$ 219,004	\$ 43,662,168
District's portion of the Plan's total net pension liability	0.2199412%	1.580090%
Change in proportionate share since prior measurement date	-0.012850	-0.142196

For the year ended June 30, 2021, the District recognized pension expenses of \$59,635,510, for TRS and \$6,304,528 for ERS, net of deferrals. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of		Deferred Inflows of	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 2,674,635	\$ 38,256,796	\$ -	\$ 2,237,602
Changes of assumptions	40,267,810	55,222,481	759,463	19,683,929
Net difference between projected and actual earnings on pension plan investments	-	28,515,224	62,910,904	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,505,737	9,244,255	1,366,274	4,735,262
District's contributions subsequent to the measurement date	2,445,292	23,332,376	-	-
Total	\$ 48,893,474	\$ 154,571,132	\$ 65,036,641	\$ 26,656,793

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended	ERS	Year Ended	TRS
6/30/2022	\$ (2,734,805)	6/30/2022	\$ 17,859,682
6/30/2023	(715,110)	6/30/2023	35,185,912
6/30/2024	(3,036,343)	6/30/2024	28,935,761
6/30/2025	(12,102,201)	6/30/2025	17,689,494
6/30/2026	-	6/30/2026	1,632,341
Thereafter	-	Thereafter	3,278,773

**4. Actuarial Assumptions**

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

	ERS	TRS
Measurement date	03/31/21	06/30/20
Actuarial valuation date	04/01/20	06/30/19
Interest rate	5.9%	7.1%
Salary scale	4.4%	1.90% - 4.72%
Inflation rate	2.7%	2.2%
Cost of living adjustments	1.4%	1.3%

For TRS, most of the demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions and has updated the investment rate of return, inflation, projected COLA, and mortality improvement actuarial assumptions as of June 30, 2019 and updated the mortality improvement assumption as of June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2020 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 plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience. 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:

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Measurement Date Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
	3/31/2021	6/30/2020	3/31/2021	6/30/2020
Domestic equity	32.0%	33.00%	4.05%	7.1%
International equity	15.0	16.00	6.30	7.7
Global equity	-	4.00	-	7.4
Real estate equity	9.0	11.00	4.95	6.8
Private equity	10.0	8.00	6.75	10.4
Domestic fixed income	23.0	16.00	-	1.8
Global bonds	-	2.00	-	1.0
High-yield bonds	-	1.00	-	3.9
Private debt	-	1.00	-	5.2
Real estate debt	-	7.00	-	3.6
Cash equivalents	1.0	1.00	0.50	0.7
Credit	4.0	-	3.63	-
Opportunistic portfolio	3.0	-	4.50	-
Real assets	3.0	-	5.95	-
Total	100.0%	100.0%		

**5. Discount Rate**

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% 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.

**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 liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.9% for ERS and 6.1% for TRS) or one percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

<b>ERS</b>	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	\$ (60,787,096)	\$ (219,004)	\$ 55,638,952
<b>TRS</b>	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset/(liability)	\$ (275,798,873)	\$ (43,662,168)	\$ 151,159,355

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**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 (amounts in thousands):

	ERS	TRS
Measurement date	03/31/21	06/30/20
Employers' total pension liability	\$ 220,680,157	\$ 123,247,776
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	\$ (99,574)	\$ (2,768,271)
Ratio of plan net position to the employers' total pension liability	99.95%	97.80%

**8. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on ERS wages multiplied by the contribution rate, by tier. Accrued employer retirement contributions were \$2,445,292, and employee accrued retirement contributions were \$158,870 as of June 30, 2021. The District opted out of the ERS pension amortization program during 2014-15, and as a result incurred a loan for prior year amortization amounts. As of June 30, 2021, the total outstanding balance for ERS amortization repayments was \$2,511,633.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by a contribution rate of 9.53%, as calculated by the TRS as of the actuarially required rate. Employer accrued retirement contributions were \$23,332,376 and employee accrued retirement contributions were \$2,017,939 as of June 30, 2021. The District opted out of the TRS pension amortization program during 2016-17, and as a result incurred a loan for prior year amortization amounts. As of June 30, 2021, the total outstanding balance for TRS amortization repayments was \$2,694,992.

**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, 2021, a liability of \$5,250,000 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,

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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 July 2020 census, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3,144
Inactive employees entitled to but not yet receiving benefit payments	718
Active employees	5,388
Total	9,250

The District’s total OPEB liability of \$1,158,687,062 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

**4. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Retirees' Share of Benefit-Related Costs	Range of 0% - 15% of health insurance premium cost
Salary Increases	3.0% average, including inflation
Discount Rate	2.09%
Healthcare Cost Trend Rates	7.0% for 2021, with a reduction of 0.25% per year and an ultimate rate of 4.5% in 2031 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, 2021.

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-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2020.

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**5. Changes in the Total OPEB Liability**

Balance at July 1, 2020	\$ 1,051,932,046
Changes for the year:	
Service Cost	29,974,745
Interest	21,695,253
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	82,848,304
Benefit payments	<u>(27,763,286)</u>
Net changes	106,755,016
Balance at June 30, 2021	<u>\$ 1,158,687,062</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.44 percent in fiscal year 2019-20 to 2.09 percent in fiscal year 2020-21 and updated mortality table (SOA Pub-2010) and mortality improvement scale (SOA MP-2019). These liability increases are partially offset by a decrease in headcount and reductions to starting claims cost and trend.

**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 (1.09%) or one percentage point higher (3.09%) than the current discount rate.

	Discount Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
	1.09%	2.09%	3.09%
Total OPEB Liability	\$ 1,452,096,490	\$ 1,158,687,062	\$ 945,172,621

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.

**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%	Current Discount Rate	Trend Rate Plus 1%
Total OPEB Liability	\$ 923,456,874	\$ 1,158,687,062	\$ 1,485,309,018

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$90,144,424. A summary of deferred inflows and outflows for the 2020 plan year valuation is as follows:

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	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between actual and expected experience	\$ -	\$ -
Net difference between expected and actual earnings on OPEB investments	-	-
Impact due to changes in assumptions	195,027,344	-
Total	<u>\$ 195,027,344</u>	<u>\$ -</u>

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

<b>Fiscal Year End Date</b>	<b>Beginning of Year Unamortized Balance</b>	<b>Recognition of OPEB Amortization Expense</b>	<b>End of Year Unamortized Balance</b>
6/30/2021			\$ 195,027,344
6/30/2022	\$ 195,027,344	\$ 38,474,426	\$ 156,552,918
6/30/2023	\$ 156,552,918	\$ 38,474,426	\$ 118,078,492
6/30/2024	\$ 118,078,492	\$ 38,474,426	\$ 79,604,066
6/30/2025	\$ 79,604,066	\$ 38,474,426	\$ 41,129,640
6/30/2026	\$ 41,129,640	\$ 31,924,274	\$ 9,205,366
6/30/2027	\$ 9,205,366	\$ 9,205,366	\$ -

**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 2020-21, MRA claims totaling \$17,355 were paid by the District and at June 30, 2021, there were fifteen active participants.

**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, QZAB 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. By September 2021, all Phase II projects were

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substantially completed. Anticipated final completion of all Phase II projects is in the year 2022. Legislation authorizing Phase III and was enacted by the Legislature and now awaits approval by the Governor. It would authorize up to 9 building projects plus two “make ready” swing space projects at a cost of up to \$475 million. Upon Governor’s approval of Phase III, bonds totaling \$475 million are anticipated to be issued in association with Phase III.

**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 financial statements in the amount of \$4.2 million relative to 20 separate cases that were pending as of June 30, 2021.

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, 2021, the District has reserved and encumbered approximately \$62,515 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, 2021. As a precaution, as of June 30, 2021 the District has set aside an additional \$79,886 in funds which could be used for other pollution remediation obligations should the need arise. The District has also recorded a total of \$13,470,343 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.

**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 \$1.0 million for the year ended June 30, 2021 for the Baden Street Settlement. At June 30, 2021, the District had \$473 in outstanding accounts payable with this Board affiliated organization.

**G. Calculation of Net Investment in Capital Assets**

Capital assets		\$ 1,394,270,942
Add: Deferred charges on refunding bonds	\$ 1,720,200	
Less: Depreciation	(489,223,738)	
Related outstanding debt	<u>(709,062,068)</u>	
		<u>(1,196,565,606)</u>
Net investment in capital assets		<u>\$ 197,705,336</u>

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The related outstanding debt comprises the following:

Bonds payable	\$583,137,355
BANs payable	51,278,000
Unamortized premiums	<u>82,057,767</u>
	716,473,122
Less: Unspent proceeds	<u>(7,411,054)</u>
	<u>\$ 709,062,068</u>

**H. Restatement of Fund Balance and Net Position**

For the fiscal year ended June 30, 2021, the District implemented GASB 84, *Fiduciary Activities*. The implementation of Statement No. 84 resulted in the reporting of net position in the Custodial fund and increases in fund balances and net position in the General Fund and Governmental Activities, respectively.

	General Fund	
Fund balance - beginning, as previously stated	\$ 82,247,930	
GASB Statement No. 84 implementation	<u>267,386</u>	
Fund balance - beginning of year, as restated	<u>\$ 82,515,316</u>	
	Governmental Activities	Custodial Fund
Net position - beginning, as previously stated	\$(623,877,182)	\$ -
GASB Statement No. 84 implementation	<u>267,386</u>	<u>115,652</u>
Fund balance - beginning of year, as restated	<u>\$(623,609,796)</u>	<u>\$ 115,652</u>

**VI. Subsequent Events**

As part of the District’s ongoing capital improvement program, the City issued \$59,865,000 in BANs on behalf of the District on August 3, 2021. The City received a net interest rate of .086% on these BANs. The BANs will be used to pay for construction improvements in association with the District’s annual capital improvement program (CIP).

The District has been in ongoing discussions with the State Education Department (SED) and Regional Transit Service (RTS) regarding reimbursement for standby transportation for the period of March 13, 2020 – May 7, 2020 when schools were closed at the start of the pandemic. As a result of these discussions, the District, at the direction of the SED, will pay the RTS an amount of \$1,594,786 for standby costs by utilizing CRRSA pandemic relief funding once the SED has formally processed and approved the District’s utilization plan for this source of funding.

In November 2021, the SED approved the District’s final allocation of Coronavirus Response and Relief Supplemental Appropriations (CRSSA) Act funds. As such, the District will receive and estimated, additional \$81.2 million in funding for use in fiscal years 2021-22 and 2022-23. Additionally, the District’s application for \$197.0 million in American Rescue Plan Act (ARPA) funding is under review by the SED and if approved, may be used through September of fiscal year 2023-24. Both sources of funding will be used to fund social-emotional, academic, mental health, and safety supports for students.

These financial statements have not been updated for subsequent events occurring after December 1, 2021 which is the date these financial statements were made available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**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
2011-12	\$ 13,183,427	\$ 13,183,427	\$ -	\$ 57,271,384	23.0%
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

**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
2011-12	\$ 26,298,048	\$ 26,298,048	\$ -	\$ 215,964,182	12.2%
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

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 SEVEN FISCAL YEARS**

<b>ERS</b>							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
District's proportion of the net pension asset (liability)	0.237995%	0.233961%	0.227483%	0.2346815%	0.2251763%	0.2327910%	0.2199412%
District's proportionate share of the net pension asset (liability)	\$ (8,040,052)	\$ (37,551,307)	\$ (21,374,772)	\$ (7,574,216)	\$ (15,954,426)	\$ (61,644,392)	\$ (219,004)
District's covered payroll	\$ 67,496,597	\$ 68,559,466	\$ 73,490,258	\$ 73,552,764	\$ 77,313,327	\$ 77,742,850	\$ 66,905,454
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%	-20.64%	-79.29%	-0.33%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.90%	90.70%	94.70%	98.20%	96.27%	86.40%	99.95%
<b>TRS</b>							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
District's proportion of the net pension asset (liability)	1.729107%	1.663625%	1.651834%	1.616517%	1.702297%	1.722286%	1.580090%
District's proportionate share of the net pension asset (liability)	\$ 192,611,736	\$ 172,797,638	\$ (17,691,830)	\$ 12,287,138	\$ 30,782,021	\$ 44,745,114	\$ (43,662,168)
District's covered payroll	\$ 248,109,334	\$ 253,838,859	\$ 259,214,370	\$ 258,258,210	\$ 278,944,724	\$ 289,068,585	\$ 270,575,967
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%	11.04%	15.48%	-16.14%
Plan fiduciary net position as a percentage of the total pension	111.50%	110.50%	99.01%	100.66%	101.53%	102.20%	97.80%

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 FOUR FISCAL YEARS**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Measurement date	06/30/18	06/30/19	06/30/20	06/30/21
Service cost	\$ 11,370,042	\$ 11,711,143	\$ 26,084,486	\$ 29,974,745
Interest	28,584,477	29,030,620	20,558,676	21,695,253
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
Benefit payments	(27,444,204)	(26,970,932)	(28,267,777)	(27,763,286)
Net change in total OPEB liability	12,510,315	13,770,831	195,229,454	106,755,016
Total OPEB liability - beginning	830,421,446	842,931,761	856,702,592	1,051,932,046
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>
Covered payroll	\$ 328,621,551	\$ 322,848,701	\$ 303,386,734	\$ 303,386,734 <sup>1</sup>
Total OPEB liability as a percentage of covered payroll	256.51%	265.36%	346.73%	381.92%

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

<sup>1</sup> 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, 2021**

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Local Sources:				
Use of Money and Property	\$ 300,000	\$ 300,000	\$ 282,105	\$ (17,895)
Charges for Services			2,694,389	2,694,389
Sale of Property & Compensation for Loss			2,911,533	2,911,533
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Other	10,378,000	11,128,715	4,184,103	(6,944,612)
State Sources	648,299,964	594,580,037	599,017,586	4,437,549
Federal Sources	2,100,000	32,742,792	8,730,858	(24,011,934)
<b>Total Revenues</b>	<b>780,177,964</b>	<b>757,851,544</b>	<b>736,920,574</b>	<b>(20,930,970)</b>
<b>EXPENDITURES</b>				
Current:				
General Support:				
Staff	7,917,743	7,682,630	4,297,043	3,385,587
Central Services	43,028,024	39,910,357	36,865,722	3,044,635
Other	17,903,915	14,880,300	11,460,440	3,419,860
Instructional				
Teaching -- Regular School	209,756,893	206,616,713	206,590,781	25,932
Special Apportionment Programs	118,810,803	122,236,011	109,487,001	12,749,010
Other	69,912,975	72,469,225	60,339,384	12,129,841
Pupil Transportation	77,914,612	55,657,436	25,157,048	30,500,388
Community Services	359,546	264,013	131,701	132,312
Employee Benefits				
Retirement	33,136,000	33,145,275	32,518,246	627,029
Social Security	21,129,000	21,137,595	19,956,099	1,181,496
Health Insurance	84,546,402	84,496,422	82,558,664	1,937,758
Workers' Compensation	4,987,275	4,659,073	4,575,992	83,081
Other	7,166,461	7,382,217	6,131,842	1,250,375
Debt Service	4,472,346	4,617,064	3,428,606	1,188,458
<b>Total Expenditures</b>	<b>701,041,995</b>	<b>675,154,331</b>	<b>603,498,569</b>	<b>71,655,762</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>79,135,969</b>	<b>82,697,213</b>	<b>133,422,005</b>	<b>50,724,792</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Debt Issuance	-	1,814,378	1,814,378	-
Transfers In	500,000	2,066,682	3,890,822	1,824,140
Transfers Out	(79,635,969)	(86,578,273)	(86,316,186)	262,087
<b>Total Other Financing Sources (Uses)</b>	<b>(79,135,969)</b>	<b>(82,697,213)</b>	<b>(80,610,986)</b>	<b>2,086,227</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses Budget Basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>52,811,019</b>	<b>\$ 52,811,019</b>
Encumbrances Included in Actual			855,337	
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>			<b>53,666,356</b>	
Expenditure of Prior Years' Encumbrances			(343,405)	
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>			<b>53,322,951</b>	
<b>Fund Balance -- Beginning of Year, As Restated</b>			<b>82,515,316</b>	
<b>Fund Balance -- End of Year</b>			<b>\$ 135,838,267</b>	

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) – SPECIAL AID FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Special Aid Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Local Sources	\$ 7,432,816	\$ 8,353,313	\$ 3,207,649	\$ (5,145,664)
State Sources	58,473,963	51,058,133	44,160,358	(6,897,775)
Federal Sources	56,454,081	63,113,896	50,921,971	(12,191,925)
<b>Total Revenues</b>	<u>122,360,860</u>	<u>122,525,342</u>	<u>98,289,978</u>	<u>(24,235,364)</u>
<b>EXPENDITURES</b>				
Current:				
General Support				
Central Services	-	50,000	47,162	2,838
Other	3,000,069	2,588,043	(712,848)	3,300,891
Instructional				
Teaching -- Regular School	50,891,984	47,251,238	43,340,984	3,910,254
Special Apportionment Programs	22,876,659	24,170,532	16,985,726	7,184,806
Other	18,300,842	24,052,775	18,784,946	5,267,829
Pupil Transportation	1,768,913	2,165,670	14,454	2,151,216
Community Services	1,585,832	1,622,245	1,015,995	606,250
Employee Benefits				
Retirement	5,579,604	4,957,210	4,135,894	821,316
Social Security	4,219,186	4,134,635	3,082,724	1,051,911
Health Insurance	12,865,872	10,361,647	9,584,363	777,284
Workers' Compensation	863,016	788,571	671,500	117,071
Other	408,883	382,776	325,140	57,636
<b>Total Expenditures</b>	<u>122,360,860</u>	<u>122,525,342</u>	<u>97,276,040</u>	<u>25,249,302</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>1,013,938</u>	<u>1,013,938</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	-	-	(1,013,938)	(1,013,938)
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>(1,013,938)</u>	<u>(1,013,938)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance -- Beginning of Year</b>			<u>-</u>	
<b>Fund Balance -- End of Year</b>			<u>\$ -</u>	

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, 2021**

	<b>School Food Service Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Local Sources				
Other	\$ 30,000	\$ 30,000	\$ 254,861	\$ 224,861
State Sources	544,000	544,000	295,851	(248,149)
Federal Sources	23,975,000	20,975,000	9,072,697	(11,902,303)
<b>Total Revenues</b>	<u>24,549,000</u>	<u>21,549,000</u>	<u>9,623,409</u>	<u>(11,925,591)</u>
<b>EXPENDITURES</b>				
General Support				
Other	20,247,710	17,707,058	8,504,849	9,202,209
Employee Benefits				
Retirement	1,234,135	1,234,135	596,155	637,980
Social Security	667,198	667,198	294,579	372,619
Health Insurance	2,190,000	1,730,652	1,375,652	355,000
Workers' Compensation	139,545	139,545	68,127	71,418
Other	70,412	70,412	34,421	35,991
<b>Total Expenditures</b>	<u>24,549,000</u>	<u>21,549,000</u>	<u>10,873,783</u>	<u>10,675,217</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(1,250,374)</u>	<u>(1,250,374)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	1,300,000	1,300,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,626</u>	<u>\$ 49,626</u>
<b>Fund Balance -- Beginning of Year</b>			<u>1,734,611</u>	
<b>Fund Balance -- End of Year</b>			<u>\$ 1,784,237</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, 2021**

**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 increase in liability was primarily due to a reduction in discount rate (2.44% in prior year to 2.09%). 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%	8.00%
2018-19	3.50%	3.00%	8.00%
2019-20	2.44%	3.00%	7.00%
2020-21	2.09%	3.00%	7.00%

The District's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement 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%

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**SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES**

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**ROCHESTER CITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
(continued next page)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Revenues</u>	<u>Over (Under) Amended Budget</u>
<b>Revenues</b>				
Local Sources:				
Use of Money and Property	\$ 300,000	\$ 300,000	\$ 282,105	\$ (17,895)
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Charges for Services	2,430,000	2,430,000	2,694,389	264,389
Miscellaneous	7,948,000	8,698,715	7,095,636	(1,603,079)
State Sources	648,299,964	594,580,037	599,017,586	4,437,549
Federal Sources	2,100,000	32,742,792	8,730,858	(24,011,934)
<b>Total Revenues</b>	<u>780,177,964</u>	<u>757,851,544</u>	<u>736,920,574</u>	<u>(20,930,970)</u>
<b>Other Sources</b>				
Net Premium on Debt Issuance	-	1,814,378	1,814,378	-
Transfers in	500,000	2,066,682	3,890,822	1,824,140
<b>Total Other Sources</b>	<u>500,000</u>	<u>3,881,060</u>	<u>5,705,200</u>	<u>1,824,140</u>
<b>Total Revenues and Other Sources</b>	<u>\$ 780,677,964</u>	<u>\$ 761,732,604</u>	<u>\$ 742,625,774</u>	<u>\$ (19,106,830)</u>

(continued next page)

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>
General Support:		
Staff	\$ 7,917,743	\$ 7,682,630
Central Services	43,028,024	39,910,357
Board of Education	567,982	558,110
Central Administration	955,119	899,080
Finance	4,783,148	5,139,912
Other	11,597,666	8,283,198
Instructional		
Teaching - Regular School	209,756,893	206,616,713
Programs for Children with Disabilities	112,354,022	115,846,317
Occupational Education	6,456,781	6,389,694
Instruction, Administration and Improvement	40,751,914	38,934,528
Teaching - Special Schools	69,000	91,291
Instructional Media	4,691,959	5,901,628
Pupil Services	24,400,102	27,541,778
Pupil Transportation	77,914,612	55,657,436
Community Services	359,546	264,013
Employee Benefits:		
Retirement	33,136,000	33,145,275
Social Security	21,129,000	21,137,595
Health Insurance	84,546,402	84,496,422
Workers' Compensation	4,987,275	4,659,073
Other	7,166,461	7,382,217
Debt Service		
Principal	3,372,346	4,347,345
Interest	1,100,000	2,269,719
<b>Total Expenditures</b>	<u>701,041,995</u>	<u>677,154,331</u>
<b>Other Uses</b>		
Transfers Out	79,635,969	84,578,273
<b>Total Expenditures and Other Uses</b>	<u>780,677,964</u>	<u>761,732,604</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ -</u>

<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
\$ 4,293,217	\$ 3,826	\$ 3,385,587
36,836,448	29,274	3,044,635
448,454	-	109,656
493,202	-	405,878
4,223,554	28,950	887,408
6,266,280	-	2,016,918
206,324,751	266,030	25,932
103,726,930	-	12,119,387
5,760,071	-	629,623
35,548,148	233	3,386,147
91,290	-	1
4,645,113	369,401	887,114
19,527,576	157,623	7,856,579
25,157,048	-	30,500,388
131,701	-	132,312
32,518,246	-	627,029
19,956,099	-	1,181,496
82,558,664	-	1,937,758
4,575,992	-	83,081
6,131,842	-	1,250,375
1,158,887	-	3,188,458
2,269,719	-	-
<u>602,643,232</u>	<u>855,337</u>	<u>73,655,762</u>
86,316,186	-	(1,737,913)
<u>688,959,418</u>	<u>\$ 855,337</u>	<u>\$ 52,811,019</u>
<u>\$ 53,666,356</u>		

**ROCHESTER CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Debt Service Fund</b>				
<b>Budgeted Amounts</b>				
<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 4,436,703	\$ 810,203	\$ 810,203	\$ -
<b>Total Revenues</b>	<u>4,436,703</u>	<u>810,203</u>	<u>810,203</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service	82,202,672	81,841,186	81,841,186	-
<b>Total Expenditures</b>	<u>82,202,672</u>	<u>81,841,186</u>	<u>81,841,186</u>	<u>-</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(77,765,969)</u>	<u>(81,030,983)</u>	<u>(81,030,983)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources:				
Transfers In	82,202,672	81,841,186	81,841,186	-
Uses:				
Transfers Out	(4,436,703)	(810,203)	(810,203)	-
<b>Total Other Financing Sources (Uses)</b>	<u>77,765,969</u>	<u>81,030,983</u>	<u>81,030,983</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance -- Beginning of Year</b>			-	
<b>Fund Balance -- End of Year</b>			<u>\$ -</u>	

**ROCHESTER CITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Ordinance Number	Project Title	Appropriated & Issued	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
17-061	Facility Capital Improvements	\$ 15,625,000	\$ 15,171,870	\$ 453,130	\$ -
17-381	Facility Capital Improvements	20,375,000	19,344,284	1,030,716	-
18-381	Facility Capital Improvements	19,601,000	13,000,000	4,443,787	2,157,213
20-003	Facility Capital Improvements	10,002,000	-	10,002,000	-
	Smart Schools Bond Act	25,640,767	25,727,376	5,537	(92,146)
	Accrued Capital Improvements	-	3,400,826	378,153	(3,778,979)
	Cash - Capital Improvements	14,189,691	-	2,114,375	12,075,316
	<b>Totals</b>	<b>\$ 105,433,458</b>	<b>\$ 76,644,356</b>	<b>\$ 18,427,698</b>	<b>\$ 10,361,404</b>

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**INTERNAL CONTROL AND COMPLIANCE**

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**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 Rochester City School District (the District), as of and for the year ended June 30, 2021, 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 1, 2021.

**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 Board'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 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 1, 2021

# 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 90-96) – 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 97-100) – These schedules contain information to help the reader assess the District's most significant local revenue sources.
- ◆ Debt Capacity (Page 101-105) – 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 106-107) – 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 108-112) – 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>2012<sup>1</sup></u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$ 226,080,564	\$ 231,321,889	\$ 226,882,367	\$ 220,389,578	\$ 218,698,255
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
Restricted for revolving loan program	-	-	-	-	-
Unrestricted (deficit)	(142,832,981)	(175,570,496)	(229,176,646)	(192,505,073)	(134,530,235)
Total governmental activities net position	<u>\$ 83,247,583</u>	<u>\$ 60,487,157</u>	<u>\$ 45,870,073</u>	<u>\$ 88,475,900</u>	<u>\$ 105,399,969</u>
	<u>2017<sup>2</sup></u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities					
Net investment in capital assets	\$ 223,450,428	\$ 265,896,655	\$ 195,268,096	\$ 187,608,632	\$ 197,705,336
Restricted for capital expenses	-	-	92,231,024	49,682,764	11,750,322
Restricted for debt service	5,573,029	8,416,554	15,699,855	11,916,263	13,714,795
Restricted for revolving loan program	100,024	100,000	100,000	100,000	100,000
Restricted for scholarships	-	-	-	198,828 <sup>3</sup>	198,887
Restricted for student funds	-	-	-	28,050 <sup>3</sup>	26,650
Restricted for flexible spending	-	-	-	627,216 <sup>3</sup>	517,385
Unrestricted (Deficit)	(150,528,156)	(770,515,499)	(887,024,790)	(873,771,549)	(862,298,485)
Total governmental activities net position	<u>\$ 78,595,325</u>	<u>\$ (496,102,290)</u>	<u>\$ (583,725,815)</u>	<u>\$ (623,609,796)</u>	<u>\$ (638,285,110)</u>

<sup>1</sup>Restrictions not reported for fiscal 2011-12.

<sup>2</sup>2017 Restated for GASB 75 implementation, change in accounting principal.

<sup>3</sup>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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>				
General Support:				
Board of Education	\$ 937,364	\$ 804,532	\$ 968,455	\$ 811,972
Chief School Administrator	823,745	1,018,962	1,183,391	947,164
Finance	5,624,636	5,957,755	7,449,533	6,165,866
Staff	6,337,641	6,016,143	6,959,452	5,948,881
Central Services	71,636,605	74,430,768	81,900,706	77,142,220
Other	6,461,292	8,665,885	8,255,958	4,951,793
Total General Support	<u>91,821,283</u>	<u>96,894,045</u>	<u>106,717,495</u>	<u>95,967,896</u>
Instruction:				
Administration and Improvement	66,516,877	73,712,391	70,286,652	74,179,100
Teaching	422,176,283	434,230,713	416,521,090	462,945,545
Instructional Media	9,361,416	9,222,737	8,688,549	9,922,632
Pupil Services	36,379,149	36,650,565	36,102,054	40,050,199
Total Instruction	<u>534,433,725</u>	<u>553,816,406</u>	<u>531,598,345</u>	<u>587,097,476</u>
Pupil Transportation	59,602,833	65,325,728	68,990,845	70,433,794
Community Services	3,642,674	2,604,672	3,036,392	3,419,962
Interest on Long-Term Debt	7,502,523	12,532,896	17,598,994	17,931,983
Total Expenses	<u>697,003,038</u>	<u>731,173,747</u>	<u>727,942,071</u>	<u>774,851,111</u>
<b>Program Revenues</b>				
Charges for Services:				
Central Services	954,589	771,124	108,583	135,478
Teaching	1,539,574	1,408,777	1,605,929	1,593,999
Operating Grants and Contributions	103,192,159	101,980,675	107,816,885	109,228,469
Total Program Revenues	<u>105,686,322</u>	<u>104,160,576</u>	<u>109,531,397</u>	<u>110,957,946</u>
<b>Net (Expense)/Revenue</b>	<u>(591,316,716)</u>	<u>(627,013,171)</u>	<u>(618,410,674)</u>	<u>(663,893,165)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Intergovernmental (Unrestricted)	119,100,000	119,100,000	119,100,000	119,100,000
Use of Money & Property	635,161	283,477	259,181	682,214
State & Federal Aid	396,973,771	413,568,396	454,984,197	462,719,362
Lottery Aid	59,355,281	63,012,095	66,698,736	69,627,693
Miscellaneous	6,764,569	8,288,777	6,395,864	10,725,335
Total General Revenues and Other Changes in Net Position	<u>582,828,782</u>	<u>604,252,745</u>	<u>647,437,978</u>	<u>662,854,604</u>
<b>Change in Net Position</b>	<u>\$ (8,487,934)</u>	<u>\$ (22,760,426)</u>	<u>\$ 29,027,304</u>	<u>\$ (1,038,561)</u>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 1,184,391	\$ 826,611	\$ 774,805	\$ 1,267,641	\$ 871,620	\$ 659,122
2,509,063	1,254,537	998,319	917,981	1,569,372	719,321
7,418,291	7,166,275	6,916,873	7,239,192	8,199,775	6,082,006
7,755,959	8,664,357	8,850,997	9,925,017	9,355,374	6,230,451
82,909,676	84,582,223	78,707,382	87,854,145	84,615,112	63,500,975
4,814,857	5,578,543	8,450,919	9,106,906	8,347,142	9,161,960
<u>106,592,237</u>	<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>
67,388,814	74,173,631	74,114,750	78,990,929	78,967,576	70,501,446
477,002,393	534,213,686	554,886,851	625,792,535	612,343,345	590,433,415
9,349,425	10,075,991	9,907,240	10,110,572	11,687,902	10,782,973
40,769,018	46,122,793	46,822,107	46,309,779	46,826,962	42,641,354
<u>594,509,650</u>	<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>
77,363,591	80,517,980	80,333,612	86,833,529	62,337,608	29,878,687
3,124,667	2,496,464	2,856,383	2,917,748	3,438,494	1,594,206
18,814,372	18,286,259	22,575,674	31,166,652	32,243,842	32,061,185
<u>800,404,517</u>	<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>
276,366	302,180	365,684	879,454	39,744	254,861
1,962,993	2,237,536	2,265,157	2,474,936	2,025,022	2,694,389
113,987,817	118,232,454	122,652,688	113,264,664	116,401,761	98,289,978
<u>116,227,176</u>	<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>(684,177,341)</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>
119,100,000	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
753,878	969,347	1,893,078	7,447,701	1,696,770	1,096,001
497,713,112	527,620,451	571,846,027	586,763,799	591,703,124	543,312,659
68,357,659	70,014,974	70,618,330	68,261,177	80,330,360	75,637,667
15,176,761	8,677,764	6,899,669	12,617,370	9,355,976	9,186,232
<u>701,101,410</u>	<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>\$ 16,924,069</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>

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

(continued next page)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 6,589,163	\$ 5,408,822	\$ 9,015,204	\$ 9,658,416
Restricted	-	4,735,764	655,408	320,406
Committed	32,588,485	32,588,485	32,588,485	26,452,769
Assigned	21,995,142	21,357,946	20,309,554	19,760,663
Unassigned	19,188,648	19,342,801	14,571,175	10,406,729
Total General Fund	<u>\$ 80,361,438</u>	<u>\$ 83,433,818</u>	<u>\$ 77,139,826</u>	<u>\$ 66,598,983</u>
All Other Governmental Funds				
Nonspendable	\$ 311,363	\$ 328,690	\$ 324,307	\$ 424,100
Restricted	-	-	47,508,944	60,270,989
Committed	118,409,508	180,847,158	1,126,667	2,194,903
Assigned	-	-	-	-
Unassigned, Reported In:				
Special Aid Fund	-	-	-	-
Capital Projects Fund	(9,227,636)	-	10,584,466	(5,664,911)
RJSCB Fund	-	-	-	37,848
Miscellaneous Special Revenue	-	-	-	-
Total All Other Governmental Funds	<u>\$ 109,493,235</u>	<u>\$ 181,175,848</u>	<u>\$ 59,544,384</u>	<u>\$ 57,262,929</u>
Total All Governmental Funds	<u>\$ 189,854,673</u>	<u>\$ 264,609,666</u>	<u>\$ 136,684,210</u>	<u>\$ 123,861,912</u>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 360,810	\$ 1,139,063	\$ 396,992	\$ 403,410	\$ 397,019	\$ 15,600,668
8,162,364	5,573,029	8,416,554	15,699,855	11,916,263	14,457,717
27,694,297	26,889,758	7,500,000	-	16,000,000	27,625,000
25,677,162	23,594,548	26,956,931	-	48,170,130	52,755,337
8,935,385	8,621,907	6,365,889	(8,916,640)	5,764,518	25,399,545
<u>\$ 70,830,018</u>	<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>
\$ 612,612	\$ 698,236	\$ 614,113	\$ 718,084	\$ 1,144,948	\$ 630,155
13,069,585	100,024	100,000	92,331,024	49,782,764	11,850,322
547,112	829,246	149,453	148,808	148,893	148,891
-	150,000	789,084	1,093,235	646,158	1,168,008
-	-	-	-	-	(2,339)
(1,938,251)	(19,204,786)	(30,253,254)	(4,275,024)	(25,886,146)	(40,916,598)
-	(27,896,351)	(10,304,861)	-	-	-
-	-	-	-	-	-
<u>\$ 12,291,058</u>	<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>\$ 83,121,076</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>

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

(continued next page)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 635,161	\$ 283,477	\$ 259,181	\$ 682,214
Intergovernmental	119,100,000	119,100,000	119,100,000	119,101,443
Other	12,165,277	10,880,816	11,635,498	13,360,146
State Sources	465,764,197	485,713,741	530,317,736	550,167,576
Federal Sources	89,528,198	91,398,802	94,495,300	86,754,441
Surplus Food	1,018,851	942,062	1,078,482	1,128,449
Sales	303,420	94,423	83,178	83,509
Total Revenues	<u>688,515,104</u>	<u>708,413,321</u>	<u>756,969,375</u>	<u>771,277,778</u>
<b>Expenditures</b>				
General Support:				
Staff	6,260,911	5,906,382	5,945,247	6,074,754
Central Services	46,538,877	48,276,855	50,247,733	49,268,550
Other	23,116,314	26,068,647	27,484,179	24,917,805
Instructional:				
Teaching - Regular School	235,738,366	244,680,729	254,351,913	260,566,367
Special Apportionment Programs	135,977,745	139,182,252	143,521,920	146,005,189
Other	129,632,899	136,515,099	146,998,875	162,786,514
Pupil Transportation	58,064,582	63,362,758	66,443,629	68,165,552
Community Services	3,479,242	2,446,372	2,882,036	3,293,117
Cost of Sales	7,930,286	8,861,406	7,994,917	8,521,647
Debt Service:				
Principal	18,127,741	33,554,888	22,556,679	30,410,967
Interest	7,190,572	13,921,980	17,332,137	17,630,531
Bond Issuance Costs	-	2,091,497	-	-
Capital Outlay	31,277,855	102,472,252	139,640,040	59,866,645
Total Expenditures	<u>703,335,390</u>	<u>827,341,117</u>	<u>885,399,305</u>	<u>837,507,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,820,286)	(118,927,796)	(128,429,930)	(66,229,860)
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	-	738,164	504,474	53,407,562
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	134,955,245	153,799,015	-	-
Transfers In	37,096,372	46,564,991	54,001,937	59,105,658
Transfers Out	(37,096,372)	(46,564,991)	(54,001,937)	(59,105,658)
Total Other Financing Sources (Uses)	<u>134,955,245</u>	<u>193,682,789</u>	<u>504,474</u>	<u>53,407,562</u>
Net Change in Fund Balances	<u>\$ 120,134,959</u>	<u>\$ 74,754,993</u>	<u>\$ (127,925,456)</u>	<u>\$ (12,822,298)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.77%	6.55%	5.35%	6.18%

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 3,001,530	\$ 969,347	\$ 1,893,078	\$ 7,447,701	\$ 1,696,770	\$ 1,096,001
119,142,222	119,957,026	119,127,776	119,100,000	119,100,000	119,100,000
15,710,271	12,987,995	12,886,954	19,785,919	16,289,086	13,278,015
592,465,795	636,475,355	681,545,444	688,376,654	739,793,890	643,473,795
82,818,077	74,434,777	78,298,546	73,905,397	77,111,443	68,357,734
1,415,119	1,536,902	1,095,171	1,408,898	987,004	618,531
132,022	126,639	126,997	117,866	7,897	-
<u>814,685,036</u>	<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>
7,472,227	8,066,322	9,137,095	9,320,672	7,655,378	6,213,610
50,836,398	49,530,175	51,067,583	52,927,205	48,063,032	47,117,408
26,080,581	26,837,116	28,764,006	28,326,791	27,843,165	23,084,680
273,448,551	286,448,066	308,072,512	326,787,670	303,486,976	297,275,956
150,269,672	156,256,759	160,070,812	180,867,460	170,812,907	164,572,467
159,549,959	168,260,414	172,478,037	172,067,316	161,915,560	136,277,435
73,763,974	76,580,595	81,216,295	81,698,163	57,192,516	27,803,183
3,015,541	2,388,263	2,762,393	2,775,157	3,309,737	1,515,445
11,651,513	10,122,887	10,016,753	9,964,024	7,387,502	3,847,670
33,662,091	40,565,877	37,650,976	39,587,735	77,012,706	52,808,422
18,905,423	18,437,402	21,473,074	29,983,779	32,141,362	32,461,370
-	109,618	2,073,684	2,850,428	1,069,965	-
66,769,942	69,871,162	170,925,182	161,923,063	127,381,850	54,396,035
<u>875,425,872</u>	<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>
(60,740,836)	(66,986,615)	(160,734,436)	(188,937,028)	(70,286,566)	(1,449,605)
20,000,000	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)	-	-	-	-
-	-	-	-	-	-
59,889,534	63,298,269	75,871,517	95,316,599	88,417,771	90,207,008
(59,889,534)	(63,298,269)	(72,946,517)	(95,316,599)	(88,417,771)	(90,207,008)
<u>20,000,000</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>\$ (40,740,836)</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>
6.50%	6.99%	6.68%	7.42%	12.16%	10.75%

**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 <sup>1</sup>		Estimated Actual Value	Assessed Value as a Percentage of Actual Value <sup>2</sup>	Total Direct Rate Applied to Base
		Homestead	Non-Homestead			
2012	\$ 5,785,340	\$20.04	\$42.79	\$ 5,906,907	97.94%	2.91%
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%

Source: City Assessors' Office

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>1</sup>	City of Rochester <sup>2</sup>			Monroe County <sup>3</sup>	Total Direct & Overlapping Rate
		School Purposes	General Municipal Purposes	Total Direct Rate	Overlapping Rate	
2012	Homestead	14.22	5.82	20.04	9.19	29.23
	Non-Homestead	30.49	12.30	42.79	9.19	51.98
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

<sup>1</sup> "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".

<sup>2</sup> Information provided by the City Assessor.

<sup>3</sup> 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)**

	2021			2012		
	Taxable Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>1</sup>	Taxable Value <sup>2</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>2</sup>
Rochester Gas and Electric	\$ 1,052,324	1	13.49%	\$ 604,581	1	10.55%
Buckingham Properties	97,751	2	1.29	35,733	4	0.62
Eastman Kodak Company	54,981	3	0.73	70,915	3	1.24
Frontier Telephone Corp.	43,722	4	0.58	75,953	2	1.33
CSX (Conrail)	29,831	5	0.40	23,228	5	.41.
Clinton Asset Holding	25,000	6	0.33	-	-	-
Maguire Family Properties	22,093	7	0.29	19,818	6	0.35
Anthony Dimarzo	18,386	8	0.24	-	-	-
RAM Properties Hotel/Benderson Dev.	13,376	9	0.18	-	-	-
120 EMS Hotel/ROC Goodman	13,093	10	0.17	-	-	-
JP Morgan/Chase (Chase Manhattan)	-	-	-	18,621	7	0.33
NK-TCC Property LLC	-	-	-	16,296	8	0.28
Landsman Development Corp.	-	-	-	15,216	9	0.27
AP/AIM Rochester Hotel LLC	-	-	-	14,800	10	0.26
Totals	<u>\$ 1,370,557</u>		<u>18.16%</u>	<u>\$ 895,161</u>		<u>15.62%</u>

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

<sup>1</sup> The total taxable assessed value of \$7,548,862,806 was used for fiscal year 2020-21 taxes.

<sup>2</sup> The total taxable assessed value of \$5,729,224,760 was used for fiscal year 2011-12 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	
2012	\$ 205,558	\$ 189,505	92.19%	\$ 9,952	\$ 199,457	97.03%	
2013	206,013	190,291	92.37	11,584	201,875	97.99	
2014	206,188	191,616	92.93	11,289	202,905	98.41	
2015	213,694	198,289	92.79	11,784	210,073	98.31	
2016	213,823	198,982	93.06	11,213	210,195	98.30	
2017	217,466	203,176	93.43	11,751	214,927	98.83	
2018	219,298	205,190	93.57	11,815	217,005	98.95	
2019	224,642	209,139	93.10	10,467	219,606	97.76	
2020	224,736	208,397	92.73	6,921	215,318	95.81	
2021	233,630	218,819	93.66	N/A	218,819	93.66	

Source: City of Rochester, Department of Finance.

Notes:

- (1) Tax exempt properties with an assessed value of \$840,426,550 made payments in lieu of taxes amounting to \$14,437,653 for the fiscal year ending June 30, 2021. If these properties had been fully taxable, total revenues would have increased by \$14,548,442. 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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>School Facility Revenue Bonds</b>	<b>Bond Premiums</b>	<b>Special Program &amp; School Purpose Revenue Bonds</b>	<b>Installment Purchase Contracts</b>	<b>Total</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
2011-12	\$ 262,655,400	\$ -	\$ -	\$ 1,435,796	\$ 12,465,626	\$ 276,556,822	0.80%	1,315
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	3,148

<sup>1</sup> Personal Income figures from US Dept of Commerce Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov). 2019 data (most recent available) used for 2020 and 2021.

<sup>2</sup> Population estimates from US Census Bureau for July 1 of each year. April 1, 2020 population census data used for 2020 and 2021.

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

<b>Fiscal Year</b>	<b>Total General Obligation Debt - District</b>	<b>Total General Obligation Debt - FMP</b>	<b>Premiums</b>	<b>Less: Amounts Available for Debt</b>	<b>Total - Net Bonded Debt</b>	<b>Percentage of Assessed Value of Property</b>	<b>Per Capita<sup>1</sup></b>
2011-12	\$ 262,655,400	\$ -	\$ -	\$ -	\$ 262,655,400	4.54%	\$ 1,249
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	3,083

<sup>1</sup> Population estimates from US Census Bureau for April 1 of each year for Rochester metropolitan area. Population for 2020 used for 2021.

**ROCHESTER CITY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2021**

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<b>Jurisdiction</b>	<b>Gross Debt Outstanding</b>	<b>Percentage Applicable to City</b>	<b>Amount Applicable to City</b>
<b>Direct Debt:</b>			
Rochester City School District	\$ 665,195,122	100.00%	\$ 665,195,122
Sub Total - Direct Debt	<u>665,195,122</u>		<u>665,195,122</u>
<b>Overlapping Debt:</b>			
City of Rochester	56,777,996	100.00%	56,777,996
County of Monroe	<u>408,630,004</u>	15.52%	<u>63,419,377</u>
Sub Total - Overlapping Debt	<u>465,408,000</u>		<u>120,197,373</u>
<b>Total Direct and Overlapping Debt:</b>	<u>\$ 1,130,603,122</u>		<u>\$ 785,392,495</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 (15.52%) 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**

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin as a Percentage of the Debt Limit</b>
2011-12	\$ 206,455,928	\$ 173,717,400	\$ 32,738,528	15.86%
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

**Legal Debt Margin Calculation for Fiscal Year 2020-21**

Five-year average full valuation	\$ 7,117,125,788
9% of five-year average full valuation	640,541,321
Indebtedness	
Borrowings -- RCSD Bonds	\$ 87,112,355
Borrowings -- RCSD BANs	51,278,000
	<u>138,390,355</u>
Net Indebtedness	
Debt Limit (3.5%/9% of five-year average full valuation) <sup>1</sup>	<u>249,099,403</u>
Debt Contracting Margin <sup>2</sup>	<u><u>\$ 110,709,048</u></u>

<sup>1</sup> 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.

<sup>2</sup> 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**

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<b>Fiscal Year</b>	<b>Special School Purpose Revenue Bond<sup>1</sup></b>			
	<b>Revenue</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2011-12	\$ 1,385,256	\$ 1,385,256	\$ 71,466	0.95
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	-	-	-	-

<sup>1</sup>This 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**

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<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (000s)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2011-12	747,344	\$ 46,983,784	\$ 43,443	8.2%
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	N/A	N/A	11.2
2020-21	N/A	N/A	N/A	5.3

<sup>1</sup> Population estimates from US Census Bureau for April 1 of each year. Data for 2021 not available.

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

<sup>3</sup> <https://statistics.labor.ny.gov/laus.asp>. 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	2021			2012		
	Total Local Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>	Total Local Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>
University of Rochester/Strong	31,637	1	6.42%	21,881	1	4.49%
Rochester Regional Health System	17,594	2	3.57%	-	-	-
Wegmans Food Markets Inc.	13,434	3	2.73%	13,843	2	2.84%
Rochester Institute of Technology	3,976	4	0.81%	3,259	10	0.67%
L3Harris Technologies Inc.	3,800	5	0.77%	-	-	-
Angels In Your Home	2,620	6	0.53%	-	-	-
Heritage Christian Services Inc.	2,274	7	0.46%	-	-	-
YMCA of Greater Rochester	2,117	8	0.43%	-	-	-
Lifetime Healthcare Cos. Inc.	2,044	9	0.41%	3,749	7	0.77%
Tops Markets LLC	1,809	10	0.37%	-	-	-
Rochester General Health System	-	-	-	8,100	3	1.66%
Xerox Corp.	-	-	-	5,617	4	1.15%
Unity Health System	-	-	-	5,358	5	1.10%
Paychex	-	-	-	3,819	6	0.78%
Eastman Kodak Company	-	-	-	3,429	8	0.07%
Sutherland Global	-	-	-	3,364	9	0.69%

<sup>1</sup> Source: Rochester Business Journal - Book of Lists

<sup>2</sup> Employment source: [statistics.labor.ny.gov/laus.asp](https://statistics.labor.ny.gov/laus.asp) employment data as of June 2021 for metropolitan statistical area

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

	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>General Support:</b>					
Board of Education	8	10	11	13	12
Chief School Administrator	6	5	4	4	4
Finance	49	52	51	55	62
Staff	39	41	42	47	48
Central Services	555	589	605	707	701
Total General Support	<u>657</u>	<u>697</u>	<u>713</u>	<u>826</u>	<u>827</u>
<b>Instruction:</b>					
Administration and Improvement	586	577	576	585	598
Teaching	3,483	3,527	3,375	3,615	3,718
Instructional Media	61	64	73	72	83
Pupil Services	313	334	318	351	346
Pupil Transportation	106	121	125	113	133
Community Services	38	35	31	47	22
Unclassified	12	10	10	9	13
Total Instruction	<u>4,599</u>	<u>4,668</u>	<u>4,508</u>	<u>4,792</u>	<u>4,913</u>
<b>Total</b>	<u><u>5,256</u></u>	<u><u>5,365</u></u>	<u><u>5,221</u></u>	<u><u>5,618</u></u>	<u><u>5,740</u></u>
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>General Support:</b>					
Board of Education	11	11	11	11	10
Chief School Administrator	6	5	4	4	4
Finance	59	59	58	53	50
Staff	49	49	50	49	49
Central Services	708	708	734	710	663
Total General Support	<u>833</u>	<u>832</u>	<u>857</u>	<u>827</u>	<u>776</u>
<b>Instruction:</b>					
Administration and Improvement	601	634	626	577	558
Teaching	3,963	4,185	4,436	3,998	3,662
Instructional Media	87	86	80	72	67
Pupil Services	372	412	387	356	309
Pupil Transportation	134	135	135	135	136
Community Services	19	17	17	32	14
Unclassified	13	14	14	14	-
Total Instruction	<u>5,189</u>	<u>5,483</u>	<u>5,695</u>	<u>5,184</u>	<u>4,746</u>
<b>Total</b>	<u><u>6,022</u></u>	<u><u>6,315</u></u>	<u><u>6,552</u></u>	<u><u>6,011</u></u>	<u><u>5,522</u></u>

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

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

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<b>Fiscal Year</b>	<b>K - 12 Enrollment<sup>1</sup></b>	<b>Government-Wide Expenses</b>	<b>Cost Per Pupil</b>	<b>Percentage Change from Prior Year</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Priced Meals</b>
2011-12	30,693	\$ 697,003,038	\$ 22,709	0.0%	3,483	8.8	82.1%
2012-13	29,523	731,173,747	24,766	9.1	3,527	8.4	100.0 <sup>2</sup>
2013-14	29,103	771,586,459	26,512	7.1	3,375	8.6	100.0 <sup>2</sup>
2014-15	28,401	774,851,111	27,283	2.9	3,615	7.9	100.0 <sup>2</sup>
2015-16	27,745	800,404,517	28,849	5.7	3,718	7.5	100.0 <sup>2</sup>
2016-17	26,976	873,959,350	32,398	12.3	3,963	6.8	100.0 <sup>2</sup>
2017-18	26,155	896,195,912	34,265	5.8	4,185	6.2	100.0 <sup>2</sup>
2018-19	25,742	998,432,626	38,786	13.2	4,436	5.8	100.0 <sup>2</sup>
2019-20	25,109	960,804,124	38,265	-1.3	3,998	6.3	100.0 <sup>2</sup>
2020-21	23,398	864,247,101	36,937	-3.5	3,662	6.4	100.0 <sup>2</sup>

<sup>1</sup>Source: RCSD CIP, May 2021

<sup>2</sup>The 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**

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<b>Fiscal Year</b>	<b>K-12 Enrollment</b>	<b>School Buildings<sup>1</sup></b>	<b>Teaching Staff</b>	<b>Administrative Personnel<sup>2</sup></b>	<b>Instructional Support<sup>3</sup></b>	<b>State Aid Received (Millions)<sup>4</sup></b>
2011-12	30,693	52	3,483	657	1,116	\$466
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

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

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

<sup>3</sup> Includes instructional administration, instructional media, pupil services, pupil transportation, and community services staff.

<sup>4</sup> 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)

	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b><u>Schools</u></b>					
<b>Elementary</b>					
Buildings <sup>a</sup>	38	38	38	38	37
Square Feet <sup>d</sup>	2,953,692	3,209,513	3,220,760	3,220,760	3,098,432
Capacity <sup>c</sup>	21,324	20,733	20,883	21,215	20,249
Enrollment K-8	16,949	16,679	16,672	16,328	15,867
Enrollment PreK <sup>d</sup>	950	944	935	974	945
<b>Secondary</b>					
Buildings <sup>a</sup>	14	14	14	14	14
Square Feet <sup>d</sup>	3,475,222	3,433,212	3,439,476	3,439,576	3,439,576
Capacity <sup>c</sup>	15,775	14,888	14,888	16,660	16,660
Enrollment 9-12	13,744	12,844	12,431	12,073	11,878
<b>Other</b>					
Buildings <sup>c</sup>	2	2	1	1	1
Square Feet <sup>f</sup>	200,560	200,560	129,389	129,389	129,389
<b><u>Administrative</u></b>					
Buildings <sup>g</sup>	4	3	3	3	3
Square Feet	401,750	261,598	261,598	261,598	261,598
<b><u>Transportation</u></b>					
Garages/Maintenance (sq. ft.) <sup>h</sup>	-	-	-	-	-
Buses	86	86	90	90	91
<b><u>Athletics</u></b>					
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	13	12
Playgrounds	36	36	36	36	36

Source: RCSD Facilities Department Records

Note: All footnotes apply to the data provided for 2020-21

<sup>a</sup> 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. Includes leased facilities in addition to District-owned.

<sup>b</sup> Square feet includes main building, transportables and any additional community use space that is District managed.

<sup>c</sup> Capacity indicates the maximum number of students that a school can accommodate given current educational

<sup>d</sup> PreK enrollment includes only students educated in District facilities and does not include students in Community Based Organizations.

<sup>e</sup> Facility is 30 Hart Street and is used for multiple purposes.

<sup>f</sup> Reflects elimination of 6th floor portion of Hart St. Lease

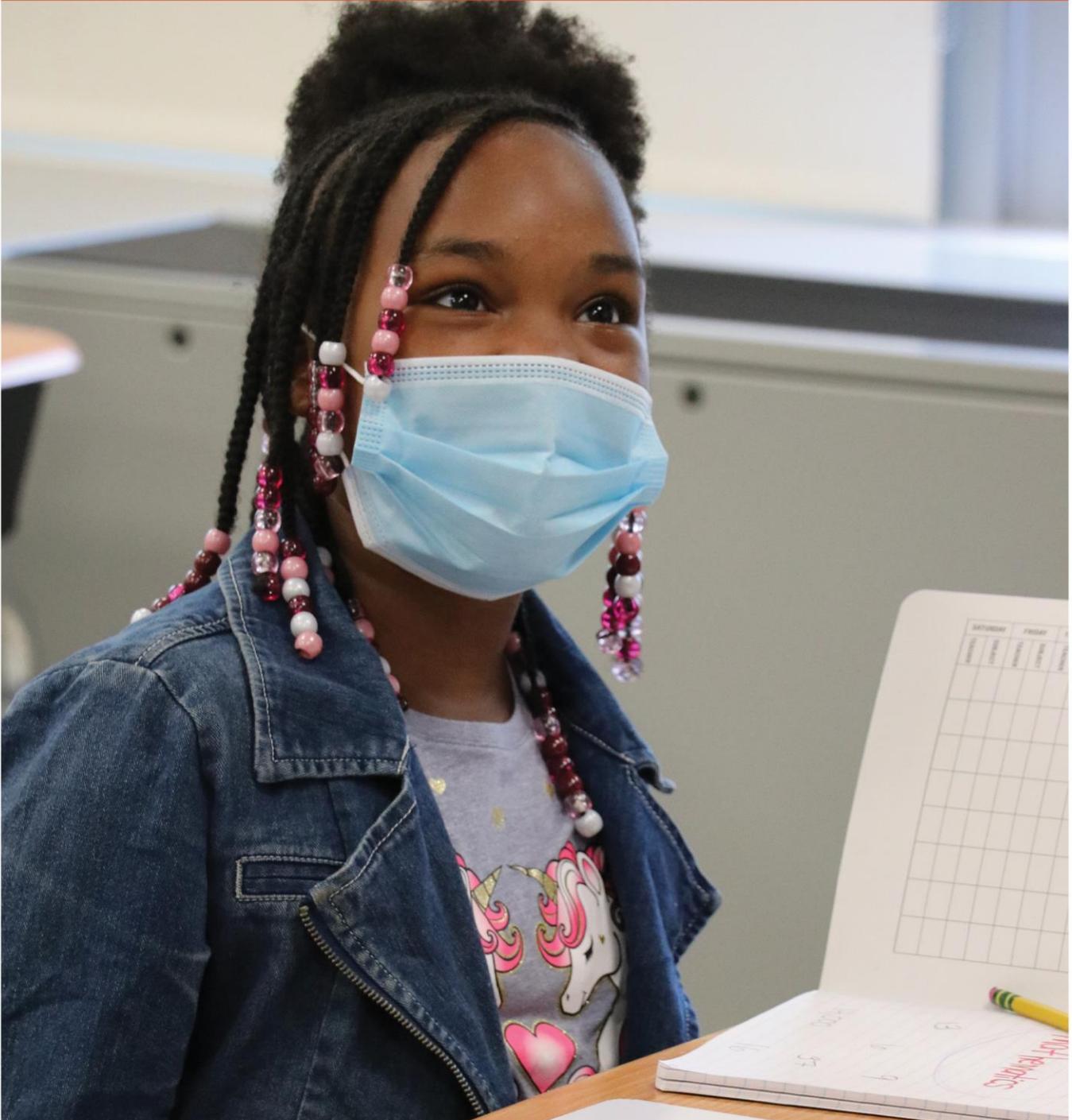
<sup>g</sup> Facilities are Central Office, Service Center and 283 West Ridge Road. Includes leased spaces. Square footage comprised of updated measurements: Central Office 116,755 SF. Service Center 256,077 SF, 283 W Ridge Rd 1,375 SF

<sup>h</sup> Garage/Maintenance included as part of Service Center.

<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
36	36	36	36	36
2,889,690	2,889,690	2,970,244	2,970,244	2,970,244
19,851	21,082	21,386	21,386	21,386
17,950	18,473	18,052	17,581	16,186
1,211	1,373	1,187	1,266	2,243
14	15	15	15	15
3,439,576	3,461,704	3,480,012	3,480,012	3,480,012
16,660	14,377	14,492	14,492	14,492
9,977	7,682	7,690	7,528	7,212
1	1	1	1	1
129,389	186,917	206,045	180,917	180,917
3	4	4	4	3
261,598	285,598	285,598	285,598	374,207
-	-	-	-	-
91	91	92	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	36	40	40	40

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# Student Activity Funds



**INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN CASH BASIS NET POSITION OF THE  
EXTRACLASSROOM ACTIVITY FUNDS**

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

**Report on the Financial Statement**

We have audited the accompanying Statement of Assets, Liabilities and Net Assets – Cash Basis and Statement of Cash Receipts and Disbursements of the Student Activity Funds of Rochester City School District (the District), as of and for the year ended June 30, 2021 and 2020, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls over Student Activity relevant to the District's preparation and fair presentation of the financial statement 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 Boards' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.

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

***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 the amounts recorded and were unable to determine whether any adjustments to these amounts were necessary.

### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the assets, liabilities and net assets- cash basis and cash receipts and disbursements of the Student Activity Funds of the District for the year ended June 30, 2021 and 2020, arising from cash collected and disbursements made during the years then ended on the basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statement is prepared on a 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.

*Freed Maxick CPAs, P.C.*

Rochester, New York  
December 1, 2021

**ROCHESTER CITY SCHOOL DISTRICT  
ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS  
STUDENT ACTIVITY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021**

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	<u>June 30, 2020</u>	<u>June 30, 2021</u>
<b>Assets</b>		
Cash:		
Elementary Schools	\$ 28,050	\$ 26,650
Secondary Schools	115,652	92,630
Total Assets	<u>\$ 143,702</u>	<u>\$ 119,280</u>
<b>Liabilities</b>		
Student Deposits:		
Elementary Schools	\$ 28,050	\$ 26,650
Secondary Schools	115,652	92,630
Total Liabilities	<u>\$ 143,702</u>	<u>\$ 119,280</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, 2020 AND 2021**

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	<b>June 30, 2020</b>	<b>June 30, 2021</b>
<b>Receipts</b>		
Elementary Schools	\$ 12,996	\$ 385
Secondary Schools	226,312	35,134
Total Receipts	239,308	35,519
 <b>Disbursements</b>		
Elementary Schools	22,245	1,785
Secondary Schools	223,550	58,156
Total Disbursements	245,795	59,941
<b>Deficit of Receipts over Disbursements</b>	(6,487)	(24,422)
<b>Cash -- Beginning of Year</b>	150,189	143,702
 <b>Cash -- End of Year</b>	\$ 143,702	\$ 119,280

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, 2021**

**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, 2021.

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](http://www.rcsdk12.org)



2021

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