

2020

CAFR



Comprehensive Annual 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, 2020

Comprehensive Annual 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, 2020**

Prepared by:

Department of Accounting

**Rochester City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

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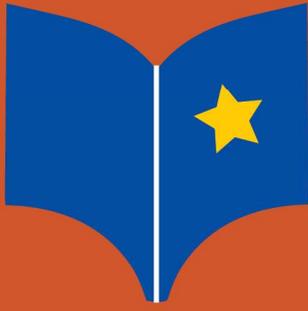
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Introduction





Rochester City School District

Superintendent of Schools

Lesli Myers-Small

December 17, 2020

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 Comprehensive Annual Financial Report (CAFR) of the Rochester City School District (District) for the year ended June 30, 2020. The CAFR 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, 2020. 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 CAFR.

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 2019-20 school year, the District reported the following enrollments: 3,193 pre-kindergarten (Pre-K), 17,581 elementary (K-8) and 7,528 secondary (9-12), for a total of 28,302 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 \$91.5 million for 6,213 students were made from the District's General operating fund during the 2019-20 fiscal year. There were 14 charter schools that received payments during the 2019-20 fiscal year.

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, and continuing through June 30, 2020. 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. Upon expiry, this plan was extended for an additional three years. 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 RCHSD schools. As of June 30, 2020, 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. Both Integrated Arts and Technology High School and Vanguard Collegiate High School have been removed from the previous year's list of Receivership schools. 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 as soon as the NYS exam results are available in order to make a determination as to whether the schools will remain in Receivership. These evaluations will be delayed until the fall of 2021 and the fall of 2022 due to the global pandemic.

The District's financial statements are included in the financial statements of the City of Rochester (the City) as a discretely presented component unit. The District's Board of Education governs the public

schools, and members are elected independent of the City Council. The District is dependent upon the City to contract bonded indebtedness and to levy taxes on its behalf. The City's Charter states how the allocation of revenue and debt-incurring power between the City and the District will be conducted. The terms of this section of the Charter are as follows:

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

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

The District's 2019-20 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, 2019 and ending on June 30, 2020, however, subsequent to the budget adoption, it was determined that several items were not accurately budgeted.

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.

ECONOMIC CONDITIONS AND OUTLOOK OF THE REPORTING ENTITY

Local Economic Status and Forecast^{1,2}

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, 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 online learning models. The District continues to struggle with the implications of the global pandemic. These challenges continue into the 2020-21 school year, as alternate learning models will be required until schools can safely open. An unfavorable fiscal performance in 2018-19 led to mid-year staffing reductions and a depletion of fund balances. These challenges were further impacted by a global pandemic, which resulted in pandemic-related reductions in State funding, uncertain Federal relief, expense reductions, staff furloughs and layoffs.

The Rochester area faces a challenging economic landscape, however it is expected to weather the global pandemic better than most top 100 metro areas as well as most of its New York peers. The Disease’s incidence in Rochester has been far lower than in extremely hard-hit areas such as New York City, in large part due to the Rochester area’s relative insularity and low population density. Economic impacts are also mitigated by Rochester’s minimal tourism presence and affordable housing. Still, the broader outlook is disconcerting to the District specifically given New York State’s precarious fiscal situation and the District’s reliance on the State as its primary source of income.

Projected Enrollment³

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 27,667 students in 2020-21 to 23,671 students in 2029-30, or an overall projected decrease of 14.4% over the next ten years. Pre-K enrollment is approximately 3,200 students and is difficult to project in the absence of live birth data, however, those children that attend Pre-K within the District have a higher likelihood of remaining within the District for Kindergarten than those children attending the twenty-one Community Based Organizations (CBOs). The growth of charter schools within Rochester and the surrounding area is the primary factor in the sustained decrease of District enrollment.

The District owns forty-eight school buildings with an average age of 73 years old. Eleven schools have some portion of the building that is more than 100 years old. Given the number and overall age of the buildings, there is a constant demand for building repair or upgrading.

Sources:

- 1 Moody’s Analytics, May 2020
- 2 <https://www.rochesterfirst.com/news/business/report-kodak-gets-765m-loan-to-develop-drug-ingredients-under-defense-production-act/>
- 3 RCSD CIP, May 2020

District Building Data	
Year Constructed	Total No.
1901-1920	11
1921-1939	12
1940-1969	15
1970-Present	10
Total	48
<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, and 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 \$124.0 million over the next five years, comprised of approximately \$84.0 million from borrowed funds and \$40.0 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 approximately \$1.2 billion. As part of Phase I, six elementary schools were substantially reconstructed and four high schools were partially renovated. One remaining construction project at Monroe High School crossed over into Phase II of the Plan and was substantially completed during the summer of 2018.

In December 2014, the New York State Governor signed legislation approving Phase II of the program. Phase II is estimated to cost \$435.0 million and authorizes projects in 25 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 estimated to be completed in the summer of 2021.

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 has been held in the NYS Assembly's Education Committee since January 8, 2020. However, due to the passing of the original sponsor, it must be reintroduced and approved by the Assembly's and Senate's Education Committees before it can be enacted by the Legislature and Governor.

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 2020-21 to 2024-25. 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, after Superintendent Dade resigned. Superintendent Myers-Small has established her mission and vision for the District under her stewardship, which are 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.

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

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

Areas of Focus: Academics, budget/finances, branding, COVID-19 planning, trauma informed practices, implicit bias, anti-racism, inclusion, special education and multilingual learners

Core Beliefs:

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

Priorities:

- ◆ Provide high-quality learning experiences
- ◆ Ensure an inclusive, caring and safe learning environment
- ◆ Build strong community
- ◆ Foster dynamic leadership

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 2019-20 was \$181,860.

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.

AWARDS AND ACKNOWLEDGEMENTS

Awards

For the past thirty-one years, the District's Comprehensive Annual Financial Report (CAFR) has earned the Association of School Business Officials International (ASBO) Certificate of Excellence Award. This award is made only to governmental units that publish a CAFR that is easily readable, efficiently organized, and conforms to program standards, as well as satisfies generally accepted accounting principles (GAAP) and applicable legal requirements. The ASBO Certificate of Excellence is valid for a period of one year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rochester City School District

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020
President, Board of Education Members
December 17, 2020

for its CAFR for the fiscal year ended June 30, 2019. This was the thirtieth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. The GFOA Certificate of Achievement is valid for a period of one year.

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 CAFR. 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rochester City School District
New York**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



The Certificate of Excellence in Financial Reporting
is presented to

Rochester City School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

List of Rochester City School District Officials As of June 30, 2020

MEMBERS OF THE BOARD OF EDUCATION

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

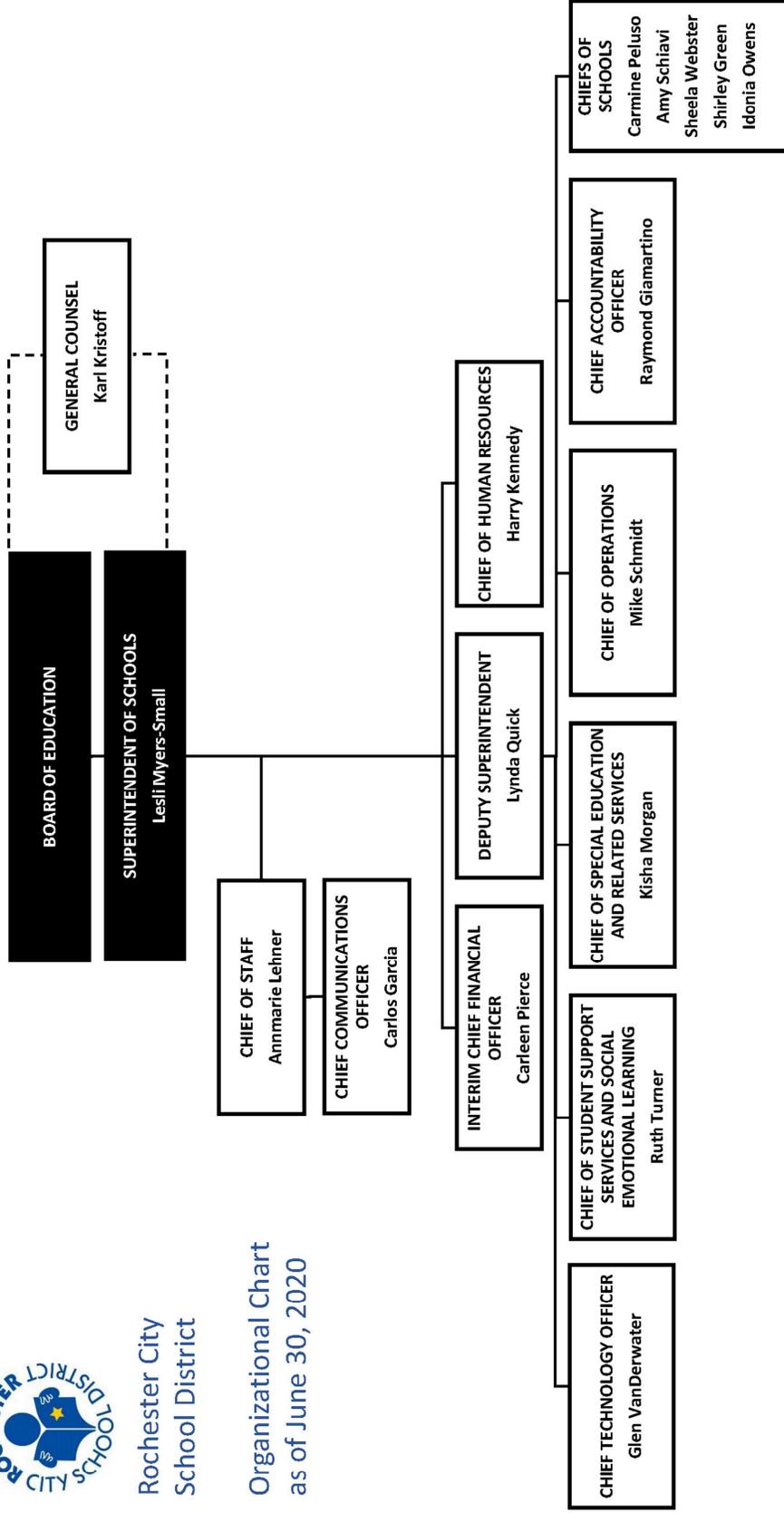
SUPERINTENDENT'S EXECUTIVE LEADERSHIP TEAM

Lesli Myers-Small	Superintendent of Schools
Carlos Garcia	Chief Communications Officer
Raymond Giamartino	Chief Accountability Officer
Shirley Green	Chief of Schools
Harry Kennedy	Chief of Human Resources
Karl Kristoff	General Counsel
Annemarie Lehner	Chief of Staff
Kisha Morgan	Chief of Special Education and Related Services
Idonia Owens	Chief of Schools for Equity
Carmine Peluso	Chief of Schools
Carleen Pierce	Interim Chief Financial Officer
Lynda Quick	Deputy Superintendent
Amy Schiavi	Chief of Receivership Schools
Michael Schmidt	Chief of Operations
Ruth Turner	Chief of Student Support Services and Social Emotional Learning
Glen VanDerwater	Chief Technology Officer
Sheelarani Webster	Chief of Schools



Rochester City
School District

Organizational Chart
as of June 30, 2020



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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, 2020, 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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other 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 November 20, 2020, 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 Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Rochester, New York
November 20, 2020

**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, 2020. 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, 2020 by \$623,877,182; a decrease of \$40,151,367 in the current year. The District's governmental funds reported combined ending fund balances of \$108,084,547; an increase of \$10,881,795 the current year.
- In January 2020, District leadership and the Board of Education implemented multiple, mid-year cost-savings and cost-avoidance measures, including personnel layoffs in an effort to address the \$42.4 million operating deficit incurred in the preceding year as well as budget deficiencies identified in the 2019-20 budget.
- In mid-March, in response to the declaration of a global pandemic, the Governor of New York mandated school closures that continued through the end of the fiscal year. As a result of school closures, the District was impacted by unanticipated reductions in revenues, such as reimbursements for meals served and reductions in foundation and grant aid. The school closures also contributed to reductions in expenditures in areas such as transportation, utilities and building maintenance. All or a portion of the aid reductions may be permanent contingent upon the size and timing of Federal pandemic relief, if any. As of the date of issuance of this financial statement, these reductions are ongoing. Management continues to monitor the situation closely while making decisions that are crucial in sustaining a fiscally responsible model that can support the educational goals and objectives of the District.
- 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, and will be repaid over the next 30 years in annual installments of \$1.2 million per year without interest, beginning 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.
- The District's General operating fund reported a total fund balance of \$82,247,930 at June 30, 2020, as compared to \$7,186,625 at June 30, 2019; a \$75,061,305 operating surplus in the current year. However optimistic it may appear, this surplus is largely driven by one-time, abnormal events such as the \$35.0 million loan recorded as revenue, and expenditure reductions due to pandemic related school closures which will be offset by ongoing reductions in aid, as previously mentioned. The District has begun the necessary action of partially replenishing the unrestricted fund balance which was fully depleted in the previous year.

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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 35 and 36 of this report.

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

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Special Aid fund,

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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 and School Food Service fund with adopted budgets to demonstrate compliance with the budget. These schedules are presented in the Required Supplementary Information section of this report. The basic governmental fund financial statements can be found on pages 37-43 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 44 and 45 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 46-73 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 \$623,877,182 at the close of the most recent fiscal year.

A positive portion of the District's net position in the amount of \$187,608,632 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 \$873,184,841 reported at June 30, 2020 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 \$61,699,027 is reported on the statement of net position as restricted because its use is limited. Of this amount, \$49,682,764 represents amounts restricted for capital expenditures, \$11,916,263 represents certain proceeds from serial bonds that are limited in use by their respective bond covenants, as well as an amount of \$100,000 held for loans to contractors as a result of an RJSCB settlement agreement.

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Rochester City School District's Net Position

Governmental Activities	<u>2018-19</u>	<u>2019-20</u>
Current and other assets	\$ 288,838,087	\$ 306,348,812
Capital assets (net of accumulated depreciation)	830,760,752	894,940,624
Total assets	<u>1,119,598,839</u>	<u>1,201,289,436</u>
Deferred outflows	178,692,823	335,305,028
Total deferred outflows of resources	<u>178,692,823</u>	<u>335,305,028</u>
Long-term liabilities outstanding	1,665,087,728	1,933,251,867
Other liabilities	167,324,071	160,092,389
Total liabilities	<u>1,832,411,799</u>	<u>2,093,344,256</u>
Deferred pension inflow	49,605,678	67,127,390
Total deferred inflows of resources	<u>49,605,678</u>	<u>67,127,390</u>
Net investment in capital assets	195,268,096	187,608,632
Restricted	108,030,879	61,699,027
Unrestricted (Deficit)	(887,024,790)	(873,184,841)
Total net position	<u>\$ (583,725,815)</u>	<u>\$ (623,877,182)</u>

“Current and other assets” increased by approximately \$17.5 million during fiscal year 2019-20. This increase is driven by a variety of factors. Cash and cash equivalents increased by approximately \$66.2 million due to a \$35.0 million revenue advance granted to the District; the remaining increase of \$31.2 million is primarily attributable to cash increases generated from a slowdown of spending and bill payments due to the impacts of school shutdowns in the current year. “Restricted cash and cash equivalents” decreased by \$56.2 million due to the spend down of construction bond proceeds issued during fiscal year 2019-20. Accounts receivable decreased by \$1.4 million primarily due to reductions in pass-through rebates related to the District’s self-insured health insurance plan due to the slowdown of healthcare visits and claims due to the global pandemic. Amounts due from other governments decreased by \$5.5 million primarily due to the timing of 2019-20 State aid and grant receipts that remained outstanding at year end. The District’s proportionate share of the Teachers’ Retirement System (TRS) pension asset increased by \$14.0 million as compared to the prior year. 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. The additional net increase of \$0.4 million in current and other assets is due to nominal changes in prepayments and inventories.

“Capital assets (net of accumulated depreciation)” increased by approximately \$64.2 million during fiscal year 2019-20. Buildings and improvements accounted for \$43.3 million of this increase, due mainly to the capitalization of three Facilities Modernization Program (FMP) building renovation projects. Land acquisition associated with FMP projects accounted for \$1.2 million increase. Construction in progress increased by \$21.2 million, primarily due to ongoing FMP projects. Additionally, equipment decreased by \$1.5 million, the decrease was attributable to a net reduction of \$2.1 million in buses that were retired as assets and replaced by leased buses, and a net increase of \$0.6 million in all other equipment.

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“Deferred outflows” increased by \$156.6 million overall, as compared to the prior year. Deferred pension outflows increased by \$6.3 million and deferred OPEB outflows increased by \$150.7 million. 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. A nominal decrease of \$0.4 was attributable to deferred charges incurred during bond refundings.

“Long-term liabilities outstanding” increased by approximately \$268.2 million overall, as compared to the prior year. This significant increase is primarily attributable to a \$195.2 million increase in the liability for OPEB and is driven by some of the same factors mentioned above. The District’s proportionate share of the Employees’ Retirement System (ERS) pension liability increased by \$45.7 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. The net increase in New York State lottery advances is \$34.3 million due to the issuance of a new \$35.0 million loan during fiscal 2019-20 in response to the District’s fiscal condition, net of a \$0.7 million payment on the existing loan. The net increase on premiums for bonds issued is \$3.6 million, compensated absences increased by \$1.4 million, and construction retainages payable increased by approximately \$0.2 million. These increases were offset by decreases in the liability for workers’ compensation of \$0.9 million, decreases in the claims payable to teachers who retired under the 2018-19 local teachers’ retirement incentive of \$1.7 million, decreases of \$3.2 million in amounts due to the State for pension amortization loans, and a net decrease in outstanding bonds payable of \$6.4 million.

The \$7.2 million overall decrease in “other liabilities” was primarily attributable to decreases of \$29.9 million in amounts owed to vendors for goods and services at year end, as compared to the previous year. This trend is indicative of reductions in activity due to school closures in the current year, and is magnified by the higher expenditures than budgeted that occurred in the previous year. BANs payable increased by \$18.9 million as compared to the previous year. The remaining \$3.8 million net increase is due to changes between years in unearned revenue, as well as in amounts due to the fiduciary funds and other governments.

“Deferred pension inflows” increased by approximately \$17.5 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 \$873,184,841 reported at the end of fiscal year 2019-20 is not current and represents liabilities that will be funded with future budgets. Presented below are details of the District’s changes in net position:

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<u>Governmental Activities</u>	<u>2018-19</u>	<u>2019-20</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,354,390	\$ 2,064,766
Operating grants and contributions	113,264,664	116,401,761
General revenues:		
State & federal aid	586,763,799	591,703,124
Intergovernmental	119,100,000	119,100,000
Lottery aid	68,261,177	80,330,360
Other	20,065,071	11,052,746
Total Revenues	910,809,101	920,652,757
Expenses		
General support:		
Board of Education	1,267,641	871,620
Chief school administrator	917,981	1,569,372
Finance	7,239,192	8,199,775
Staff	9,925,017	9,355,374
Central Services	87,854,145	84,615,112
Other	9,106,906	8,347,142
Total General Support	116,310,882	112,958,395
Instruction:		
Administration and improvement	78,990,929	78,967,576
Teaching	625,792,535	612,343,345
Instructional media	10,110,572	11,687,902
Pupil services	46,309,779	46,826,962
Total Instruction	761,203,815	749,825,785
Pupil transportation	86,833,529	62,337,608
Community services	2,917,748	3,438,494
Interest on long-term debt	31,166,652	32,243,842
Total Expenses	998,432,626	960,804,124
Decrease in net position	(87,623,525)	(40,151,367)
Net Position - Beginning	(496,102,290)	(583,725,815)
Net Position - Ending	\$ (583,725,815)	\$ (623,877,182)

Program revenues from charges for services decreased by approximately \$1.3 million, as compared to the previous year. This was due to a service decline due to pandemic related school closures, primarily in the areas of service of meals and the collection of tuition for instruction of students originating from other Districts.

Program revenues from operating grants and contributions increased by approximately \$3.1 million, as compared to the previous year. Contributing factors are increased utilization of Title awards for programs such as Virtual Academy Teachers and Secondary Summer School, as well as new awards for adult education programs such as Career Pathways and the Certified Nurse Assistant Program.

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State and Federal aid increased District-wide by approximately \$4.9 million during 2019-20 as compared to the previous year. Increases of State and Federal aid of \$12.0 is primarily attributable to increases in New York State Basic Formula aid payable under New York State Education Law (NYSEL) 3609a. The allocation of State aid is determined annually by the State of New York using factors such as District enrollment, special education requirements and poverty level. The increase in Basic Formula Aid was offset by a \$1.5 million reduction in New York State reimbursements in association with Smart School Bond Act funding which is used to offset District costs for facilities renovations for Pre-K programs, whiteboards, computers, internet connectivity and high-tech security. Additional decreases in State and Federal aid of \$5.6 million for meal reimbursements and federal commodities occurred due to school closures as a result of the global pandemic.

On a government-wide basis, Lottery aid increased by approximately \$12.1 million during 2019-20 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 the lottery proceeds is computed according to an equalized formula based on taxable property wealth per pupil and varies in accordance with participation rates from year to year.

Other revenue decreased by approximately \$9.0 million during 2019-20 as compared to the previous year. Of this amount, \$2.3 million is attributable to decreases in interest earned on Facilities Modernization Program (FMP) proceeds, as there was less cash on hand during the current year and a sharp decrease in interest rates in March 2020 and thereafter due to the economic impacts of the global pandemic. An additional \$3.3 million is attributable to decreases in premium and interest associated with debt issued for the District's Capital Improvement Program (CIP). Premium and interest is contingent upon factors such as the amount of debt issued, market performance and interest rates. Additional decreases included: \$0.2 million in interest on General operating fund investments, \$0.5 million in reimbursements for overhead associated with grants, \$0.9 million primarily associated with self-funded insurance recoveries, and \$1.8 million associated with a reduction in E-Rate reimbursements as compared to the previous year and settlements which occurred in the previous year.

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, most categories of general support expenses varied minimally with the most notable variance between years being a reduction of central service expenses of \$3.2 million. School closures due to pandemic in mid-March 2020 resulted in reductions in several areas such as less utility usage, building maintenance, repair and administrative substitutes and temporary staff to fill long-term leaves and vacancies.

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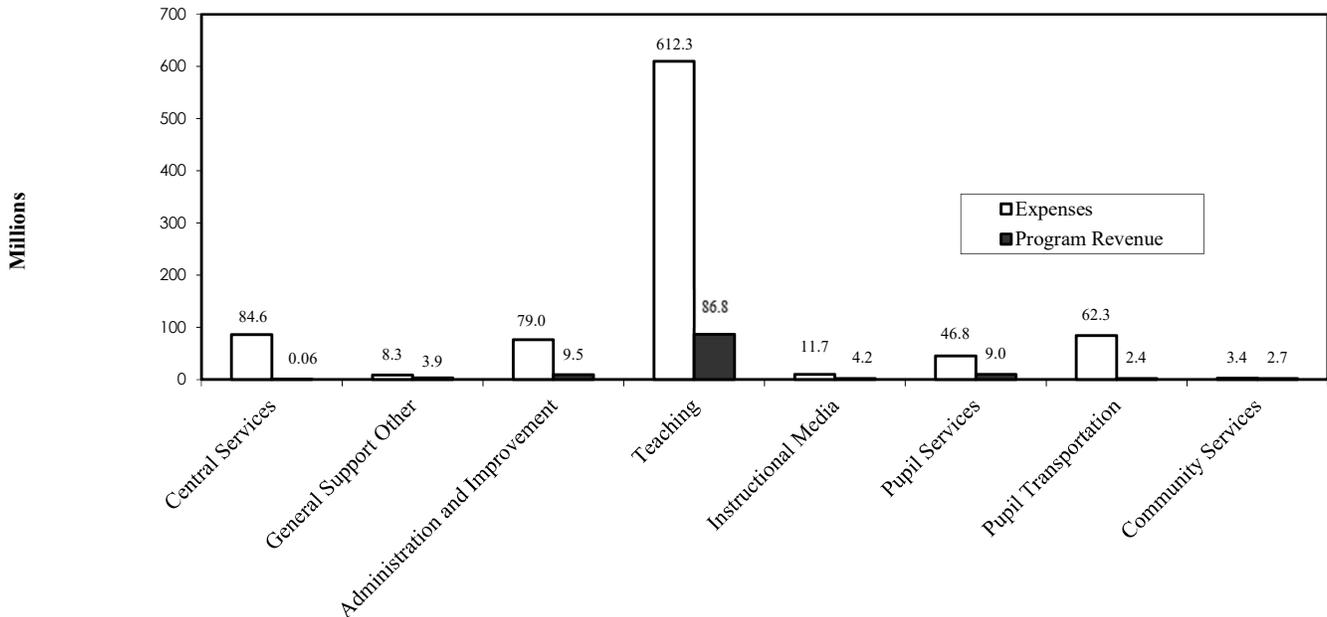
Teaching program expenses decreased by \$13.4 million primarily due to the impacts of the pandemic and the efforts to balance the budget and create efficiencies to reduce the District’s spending. The overwhelming driver of this decrease was staff reductions. The District reports in its mid-year position budgets for 2019-20 as compared to 2018-19 a reduction of 438 FTEs in teaching programs. When factoring in salaries, benefits and contractual increases for these positions, this equates to an estimated \$41.6 million reduction in force when compared to the previous year. The offsetting \$28.2 million increase is primarily attributable to expenses recorded for long-term liabilities such as deferred contribution pension loans, the District’s share of the State pension, retiree health insurance, and the early teachers’ retirement incentive.

Instructional media expenses increased by \$1.6 million as compared to the previous year. The District reports in its mid-year position budgets for 2019-20 as compared to 2018-19 a reduction of 8 FTEs in teaching programs, estimated at \$0.8 million when compared to the previous year. However, annual operating expenditures for the program remained somewhat level as compared to the previous year due to the urgent necessity of online delivery of education due to the global pandemic and the offsetting \$2.4 million increase on a government-wide basis is primarily attributable to expenses recorded for long-term liabilities, as mentioned above.

Transportation expenses decreased by approximately \$24.5 million, as compared to the previous year. This sharp decrease is due school closures due to the pandemic; transportation halted in mid-March and did not resume for the remainder of the school year.

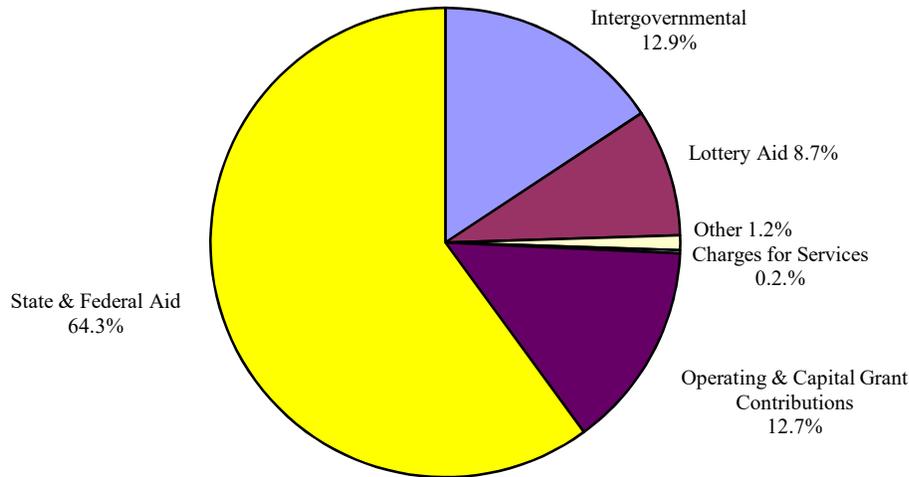
Interest on long-term debt increased by approximately \$1.1 million, as compared to the previous year. Interest payments on bonds are based on the debt structure and resulting amortization schedules. Interest payments on long-term debt continue to increase as bonds for the FMP continue to be issued. These interest payments are offset by State building aid.

**Expenses and Program Revenues – Governmental Activities
(excludes programs with no associated revenue)**



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Revenues by Source – Governmental Activities



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 \$108,084,547, an increase of \$10,881,795 from the prior year's fund balance of \$97,202,752. Components of the fund balance consist of a nonspendable fund balance of \$1,541,967, a restricted fund balance of \$61,699,027, a committed fund balance of \$16,148,893, an assigned fund balance of \$48,816,288 and an unassigned, deficit fund balance of (\$20,121,628). 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 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 the District's upper management. 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.

The primary reasons for the approximately \$10.9 million increase was an increase in the General operating fund of \$75.1 million as compared to last year, offset by decreases in both the JSCB and Capital projects funds totaling \$64.2 million as compared to the previous year. The

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combined decrease in both capital funds was attributable to the outpacing of capital outlays with respect to new funding issued within the fiscal year to support such outlays. This situation will be remedied in a future year as bond funding is issued. The overall increase in the General operating fund was attributable to a one-time revenue loan issued during fiscal 2019-20 in accordance with the New York State enacted budget article VII, Education, Part C adopted in April 2020, as well as the impacts of mid-year budget reductions and school closures in mid-March due to the global pandemic.

General Fund. The General fund is the chief operating fund of the District. At the end of the current fiscal year, the District recorded \$397,019 in prepayments classified as non-spendable fund balance, \$11,916,263 of restricted fund balance to apply to future debt service payments, \$16,000,000 of committed fund balance for insurance claims, workers' compensation, and OPEB, assigned fund balance of \$48,170,130 for encumbrances, transportation, the CARES act, health insurance, capital local share, and school food service, and an unassigned fund balance of \$5,764,518. 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, 2020, unassigned balances totaled \$5,764,518 or approximately 0.9% of the total fund operating expenditures of \$650,596,381. Furthermore, the District's General fund balance policy currently requires a minimum of 5% and a maximum of 15% of unrestricted fund balance (the total of unassigned, assigned and committed portions of fund balance), as a percentage of total operating expenditures. The result for fiscal 2019-20 was 10.7%, therefore the District meets the provisions of the General fund balance policy. For additional information on the District's fund balance policy, refer to Note I. E. 13. of this report.

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. The maintenance of a healthy General fund balance is essential going forward in order to continue the focus on educational improvements and the delivery of quality education to all of the District's students.

In the aggregate, revenues and other financing sources increased by 5.9%, or approximately \$45.3 million, while expenditures and other financing uses decreased by 8.9%, or approximately \$72.2 million from fiscal year 2018-19 to fiscal year 2019-20. Increased revenues combined with decreased expenditures contributed to the overall increase in the fund balance of the General fund of approximately \$75.1 million.

Revenues from local sources decreased by approximately \$3.2 million, as compared to the previous fiscal year. This was partially due to a decrease of \$0.9 million in stop-loss reimbursements in 2019-20 due to decreases in high-cost healthcare claims during the year as compared to the previous year. Stop-loss reimbursements occur when an individual health insurance claim exceeds \$500,000. As a self-insured entity with stop-loss coverage, the District is reimbursed for any individual claim amount in excess of \$500,000. Refunds of prior years' expenditures also decreased by \$1.4 million as a result of tuition rate adjustments. An additional decrease in revenues from local sources of \$0.2 million occurred due to declining interest rates. The remaining decrease of \$0.7 million was primarily attributable to decreases in E-Rate revenue,

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or reimbursements for technology upgrades, as well as reimbursements to the General fund for overhead charges associated with grant activity.

Revenues from state sources increased by approximately \$59.0 million overall, as compared to the previous fiscal year, or 9.5%. Of this increase, \$35.0 million was attributable to a lottery aid advance of revenue as part of the NYS legislative enactment of Article VII, Education Part B in April 2020. An additional net increase in lottery and commercial gaming aid in the amount of \$12.1 million was also received as part of the District's annual apportionments, which are contingent upon the amount of proceeds collected by New York State in any given year. The remaining net increase of \$11.9 million is primarily attributable to increases 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, and is based on a variety of factors such as the state's financial position, enrollment, special education requirements and poverty level.

Federal revenues increased by approximately \$0.1 million, as compared to the previous year, or 1.7%. This reimbursement increase was primarily a result of the extension of the Medicaid billing window from 12 months to 18 months, allowing for additional claims submissions.

District operating expenditures in the General fund decreased by \$75.9 million overall, or 10.4% over the previous fiscal year. These significant expenditure decreases during the fiscal year contributed to more favorable year end results, ending the District's three consecutive year streak of operating losses while allowing the District to restore its fund balance to levels commensurate with years preceding these losses. Significant decreases in general operating fund expenditures are as follows:

Expenditures for general support staff decreased by \$1.7 million or 17.9% 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 school closures.

Expenditures for central services decreased by approximately \$4.8 million, or 9.0% as compared to the previous year. Approximately \$0.6 million of this reduction was due to a decrease in building lease payments, primarily associated with the Martin Street lease; no payments for the Martin Street lease have been made after December 2020. An additional decrease of \$1.0 million is attributable to salary and benefit reductions, and the remaining \$3.2 million reduction in central service expenditures is primarily attributable to decreased utilities usage and necessary repairs and maintenance due to school building closures.

Instructional related expenditures for teaching (general education programs) decreased by \$24.9 million overall, or 8.3%, during 2019-20 as compared to the previous year. This decrease was due to the reduction of 58 FTEs in the regular education program during the fiscal year, additional efforts to reduce substitute usage, combining and eliminating classrooms, and the impacts of reduced spending as a result of school closures due to the pandemic.

Expenditures for special programs such as occupational education and special education decreased by \$9.0 million overall, or 5.7%. These decreases are primarily attributable to the reduction of 59 FTEs during fiscal 2019-20 and the mid-March school building closures whereby various services such as 1:1 aids, BOCES and other agencies were reduced or halted due to the pandemic.

Other instructional expenditures decreased by approximately \$10.8 million or 9.5% in fiscal 2019-20 as compared to the previous year. These decreases were attributable to actions taken to

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balance the budget and create efficiencies in areas of staffing, such as: registrars, home school assistants, teachers on assignment, administrators and administrative subs. Additionally, the contract for School Resource Officers was reduced during the fiscal year.

Expenditures for pupil transportation decreased by approximately \$24.7 million, or 31.1%. As previously mentioned, this sharp decrease is due to school closures as a result of the global pandemic; District students were not transported post-closure. Because transportation expenditures in any given year generate transportation aid in the subsequent year, the District has assigned an amount of \$23.1 million of its fund balance generated by the avoidance of transportation costs during fiscal year 2019-20 to lessen the impacts of the imminent transportation aid reduction.

Transfers into the General fund decreased by approximately \$10.6 million, or 92.9%. Of this amount, \$7.3 million is attributable to a reduction in capitalized interest, which is transferred from the JSCB fund and applied to debt payments on future FMP issues. The remaining decrease of \$3.3 million is attributable to decreases in premiums earned on debt issued by the City on behalf of the District for the purpose of funding capital improvements. No such bonds were issued during fiscal 2019-20, however, similar bonds were issued during fiscal 2018-19 and generated a premium.

Transfers out of the General fund increased by approximately \$3.7 million, or 4.4% overall. Transfers to the Debt Service fund for bond principal and interest payments increased by \$13.6 million. Transfers to the School Food Service fund increased by \$2.2 million to offset losses in the fund due to sharp decreases in the number of reimburseable meals as a result of school closures. These increases were partially offset by decreases in transfers out to the capital fund of \$11.6 million for reductions in BAN principal payments and cash capital funding as compared to the previous year, as well as decreases in transfers to the Special Aid fund of \$0.5 million primarily in association with reduced special education costs for summer school students as compared to the previous year.

Special Aid Fund. There was no change in the Special Aid fund balance from fiscal year 2018-19 to fiscal year 2019-20, as the Special Aid fund maintains a “zero” fund balance from year to year. Grant funding levels increased by approximately \$3.1 million overall, or 2.8%, as compared to the previous fiscal year. Revenues from local sources increased by \$0.9 million, or 24.0% primarily due to the utilization of available funds for adult education programs such as the Monroe County Careers Program, Career Pathways, and the Certified Nurse Assistant Program. Revenues from State sources decreased by approximately \$5.9 million, or 9.6% overall, primarily due to the cancellation of certain programs due to the global pandemic such as EPE and extended learning time, awards that ended in fiscal 2018-19, and the late approval in fiscal 2019-20 of the My Brother’s Keeper grant, which has been extended into fiscal 2020-21 as a result. Revenues from Federal sources increased by \$8.1 million, or 17.1%, primarily due to activity during fiscal 2019-20 associated with various Title grants such as the funding of Virtual Academy Teachers and Secondary Summer School programs, a new Title I 1003 Target Support Award and budget increases to the Title I School Improvement 1003(A) award.

School Food Service Fund. Operating revenues decreased by \$6.4 million, or 26.8%, in the School Food Service fund during fiscal 2019-20 as compared to the prior year, while operating expenditures decreased by \$3.7 million, or 16.0% during the same period. The decrease in

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

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.

Revenues from Federal sources decreased by \$5.0 million overall due to the reduction of reimbursable meals served due to pandemic related school closures during fiscal year 2019-20. Similarly, revenues from State sources decreased by \$0.1 million for the same reasons. Revenues from sales and other local sources decreased by \$0.9 million overall. Of this amount, \$0.5 million is attributable to the termination of catering activities and cafeteria meals served to non-RCSD students because of the global pandemic. An additional decrease of \$0.4 million in revenue from Local sources resulted from the one-time receipt of a settlement during fiscal 2018-19.

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 2019-20. 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. In May 2020, a current refunding of debt was issued to refinance outstanding issues 2008 B, 2009 C1 and 2012 Series I. Bond refinancings or "refundings" are used by governments most commonly to achieve debt service savings on outstanding bonds.

Capital Projects Fund. The fund balance for the Capital Projects fund for fiscal year 2019-20 decreased by \$21.6 million as compared to the previous year. The primary reasons for this decrease are that no bonds were issued during 2019-20 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.

Revenue from state and local sources in the Capital Projects fund decreased by approximately \$3.1 million, or 60.5% as compared to the previous year. This change was primarily due to decreases in reimbursements from the Smart School Bond Act (SSBA) and E-Rate program as compared to the previous year.

Capital outlay decreased by approximately \$12.1 million, or 32.8% as compared to the previous year, due to a \$4.7 million decrease in SSBA expenditures as a result of the decreased available funding, as well as a decrease in cash capital expenditures of \$7.4 million also as a result of decreased funding availability related to the waiver of funding requirements for fiscal year 2019-20 as previously mentioned.

Other financing sources decreased by \$56.6 million. Of this amount, bonds issued was decreased by \$45.0 million. Additionally, transfers in from the General fund to the Capital Projects fund decreased by \$11.6 million. \$10.0 million of this amount was because the District did not execute the annual transfer of cash capital to the fund as required by the City Charter, as previously mentioned. The remaining \$1.6 million decrease in transfers in was due to a reduction in BAN principal payments.

**ROCHESTER CITY SCHOOL DISTRICT
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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 \$42.6 million. This decrease is primarily due to the utilization of the Series 2018 COMIDA Bond proceeds to fund construction expenditures, and has been partially offset by the issuance of the Series 2020 COMIDA Bond during 2019-20. COMIDA Bonds are issued by the Monroe County Industrial Development Agency on behalf of the RJSCB. As construction expenditures occur in association with the projects funded by these bonds, the fund balance will decline until such time future funding is obtained.

Revenue from State and Local sources decreased by \$1.5 million, due to a \$2.3 million decrease in interest income which was partially offset by a \$0.8 million increase in Community Schools Grant funding. Total expenditures decreased by \$24.3 million mainly due to the completion of projects.

The net decrease of other financing sources and uses of \$167.8 million is primarily due to a decrease in the amount of bonds issued from year to year of \$152.6 million, as well as a decrease in premiums associated with those bonds in the amount of \$22.5 million. These decreases were offset by net decreases of \$7.3 million which were primarily attributable to transfers out to the General fund for interest payments.

General Fund Budgetary Highlights

	Budgeted Amounts		Actual	Variance with Final Budget
	Adopted	Final		
<u>Revenues</u>				
Local sources	\$ 135,865,387	\$ 127,465,387	\$ 129,836,595	\$ (2,371,208)
State sources	650,338,042	678,703,747	677,366,735	1,337,012
Federal sources	2,100,000	2,100,000	5,263,857	(3,163,857)
Other financing sources - transfers in	2,268,386	6,542,191	804,135	5,738,056
	<u>\$ 790,571,815</u>	<u>\$ 814,811,325</u>	<u>\$ 813,271,322</u>	<u>\$ 1,540,003</u>
<u>Expenditures</u>				
General support	\$ 58,632,066	\$ 68,505,230	\$ 52,741,103	\$ 15,764,127
Instructional	415,408,946	422,171,752	401,939,902	20,231,850
Pupil transportation	77,244,816	78,262,164	52,340,651	25,921,513
Community services	567,551	605,234	462,630	142,604
Employee benefits	142,589,203	155,761,086	141,473,344	14,287,742
Debt service	2,278,945	1,638,753	1,638,751	2
Other financing uses - transfers out	93,850,288	87,867,106	87,613,636	253,470
	<u>\$ 790,571,815</u>	<u>\$ 814,811,325</u>	<u>\$ 738,210,017</u>	<u>\$ 76,601,308</u>
Excess (deficiency) of revenues and other financings sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,061,305</u>	<u>\$ 78,141,311</u>

Adopted Budget Compared to Final Budget

Significant changes between the original and final amended budgets for general fund revenues occurred due to shortfalls projected in various areas of the budget including charter school tuition, staff salaries, employee benefits, and substitute teacher costs. The shortfall was reconciled through the combination of mid-year staffing reductions, other spending cuts, and a \$35 million accelerated payment of State Aid.

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The most significant general fund expenditure budget changes occurred in the instructional, general support and employee benefit categories. During the 2019-20 fiscal year, certain obligations were found to be trending higher than the original budget, notably charter school tuition, substitute teacher costs, and staff salaries. The \$6.8 million budget increase in the instructional category reflects adjustments to fund these obligations. Additionally, \$8.9 million was set aside to restore the unassigned fund balance which had been depleted in the 2018-19 fiscal year. This adjustment is reflected within the \$9.9 million budget increase in the General Support category. The employee benefits category increased by \$13.2 million in order to fund the District's self-funded health insurance plan and employer contributions for the retirement systems and social security.

Transfers out decreased by \$6 million due to lower than anticipated borrowing levels during the fiscal year for funding of the Phase II of the Facilities Modernization Plan.

Final Budget Compared to Actual Results

Revenues for local sources were higher than the final budget by \$2.4 million primarily due to higher than expected refunds from prior years for items such as tuition rate adjustments and E-Rate reimbursements.

The most significant expenditure variances between the General fund final budget and actual expenditures were favorable variances in the pupil transportation category of \$25.9 million. This represents the unexpected reduction in transportation service due to the closure of school buildings in March 2020 by Governor's order due to the global pandemic. Underspending in substitute teachers, instructional supplies, and benefits also occurred in the final part of the fiscal year as expenses were generally reduced in the online-only learning environment. The change in instructional model to adapt to the global pandemic was not anticipated at the time mid-year reductions were implemented to address the budget gap. The net result was a favorable variance of \$76.6 million.

Capital Asset and Debt Administration

Capital assets. The District's capital assets, net of depreciation, for its governmental activities as of June 30, 2020 amounted to \$894,940,624. 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 \$64,179,872.

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

- Ongoing repairs and improvements. The District added \$21.1 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 an additional \$87.8 million in capital assets for the District during fiscal year 2019-20. These asset

**ROCHESTER CITY SCHOOL DISTRICT
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additions were mainly for the construction and renovation of the buildings included within Phase II of the Rochester School Modernization Program (RSMP). The overall project budget for Phase II of the RSMP is \$435.0 million over five years. The anticipated completion timeframe of Phase II is the fall of 2022.

Capital Assets (Net of Depreciation) - Governmental Activities

	<u>2018-19</u>	<u>2019-20</u>
Land	\$ 17,349,160	\$ 18,562,083
Buildings & Improvements	665,118,807	708,407,561
Equipment & Other	19,447,551	17,967,810
Construction in Progress	128,845,234	150,003,170
Total	<u>\$ 830,760,752</u>	<u>\$ 894,940,624</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:

	Governmental Activities	
	<u>2018-19</u>	<u>2019-20</u>
RCSD Bonds	\$ 126,212,706	\$ 106,350,777
RJSCB Bonds	516,140,000	529,595,000
Total	<u>\$ 642,352,706</u>	<u>\$ 635,945,777</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, 2020 was \$249,093,682 leaving a debt-contracting margin of \$104,892,905. 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 economic well-being of the community including the job market and household

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incomes continue to have less growth than the average rate in the country and New York State. The cost of educating our children continues to outpace State and Federal aid. During the 2020-21 budget planning process, the District faces a projected \$87.0 million deficit partially due to reduced State aid in the Enacted State Budget resulting from the economic impact of the global pandemic. The key cost drivers are year-to-year increases of \$3.1 million in employee benefits due to rising health care costs, despite staff decreases, or a 2.3% increase from the 2019-20 Amended Budget; \$6.6 million in charter school tuition costs based on continuing enrollment growth and expansion of existing charter schools, or a 7.4% increase from the 2019-20 Amended Budget, and the appropriation of \$8.0 million to restore fund balance reserves to required levels. The most notable action in closing the budget deficit is the reduction of 395 FTEs from the 2019-20 Amended Budget across all funds. This reflects the District's effort to align teaching and support staff levels with declining student enrollment. Various school programs were reconfigured, facilitating more efficient staffing to meet student needs. Additionally, the District has budgeted reductions in substitute teachers and temporary support staff due to more stringent criteria and building closures for part of the year by Governor's order due to the global pandemic. Despite these cost reductions, the 2020-21 budget sustains funding for District priorities such as the FMP projects, 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 2020-21 original budget of \$780,677,964 represents a decrease of approximately 4.4% from the 2019-20 amended budget of \$814,811,325. This decrease in part reflects the one-time accelerated payment of \$35.0 million in 2019-20 that was authorized by the State legislature to assist with the District's projected fiscal shortfall, prior to the closure of school buildings in March 2020 due to the global pandemic. Additionally, Federal CARES Act funding was used by New York State to keep Foundation Aid flat in the 2020-21 State Budget due to the economic impact of the pandemic on projected State revenues. The District balanced its 2020-21 General Fund budget through the reduction of 395 positions, driven primarily by the reconfiguration and realignment of school programs.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 115,664,571
Restricted Cash and Cash Equivalents	72,689,894
Accounts Receivable	2,984,941
Due from Other Governments	68,719,986
Prepayments	455,853
Inventories	1,088,453
TRS Pension Asset, Proportionate Share	44,745,114
Capital Assets (net of accumulated depreciation):	
Land	18,562,083
Buildings and Improvements	708,407,561
Equipment and Other	17,967,810
Construction In Progress	150,003,170
Total Assets	<u>1,201,289,436</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding, Net of Amortization	797,076
Deferred Post Employment Benefits Outflow (OPEB)	150,653,466
Deferred Pension Outflow	183,854,486
Total Deferred Outflows of Resources	<u>335,305,028</u>
Liabilities	
Accounts Payable and Accrued Liabilities	72,509,230
Due To Fiduciary Funds	10,712,385
Due To Other Governments	11,644,337
Due To Retirement Systems	26,129,942
Unearned Revenue	1,246,495
Notes Payable, BANs	37,850,000
Noncurrent Liabilities:	
Retainages Payable	5,693,454
Due Within One Year	77,989,464
Due in More Than One Year	1,849,568,949
Total Liabilities	<u>2,093,344,256</u>
Deferred Inflows of Resources	
Deferred Pension Inflow	67,127,390
Total Deferred Inflows of Resources	<u>67,127,390</u>
Net Position	
Net Investment in Capital Assets	187,608,632
Restricted for Capital Expenses	49,682,764
Restricted for Debt Service	11,916,263
Restricted for Revolving Loan Program	100,000
Unrestricted (Deficit)	(873,184,841)
Total Net Position	<u>\$ (623,877,182)</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, 2020**

Function/Program	Expense	Program Revenues		Net (Expense) Revenue and Changes in Net Position Government Activities
		Charges for Services	Operating Grants and Contributions	
General Support:				
Board of Education	\$ 871,620	\$ -	\$ -	\$ (871,620)
Chief School Administrator	1,569,372	-	-	(1,569,372)
Finance	8,199,775	-	-	(8,199,775)
Staff	9,355,374	-	-	(9,355,374)
Central Services	84,615,112	39,744	17,872	(84,557,496)
Other	8,347,142	-	3,875,035	(4,472,107)
Total General Support	112,958,395	39,744	3,892,907	(109,025,744)
Instruction:				
Administration and Improvement	78,967,576	-	9,548,428	(69,419,148)
Teaching	612,343,345	2,025,022	84,743,978	(525,574,345)
Instructional Media	11,687,902	-	4,160,910	(7,526,992)
Pupil Services	46,826,962	-	8,989,184	(37,837,778)
Total Instruction	749,825,785	2,025,022	107,442,500	(640,358,263)
Pupil Transportation	62,337,608	-	2,377,573	(59,960,035)
Community Services	3,438,494	-	2,688,781	(749,713)
Interest on Long-Term Debt	32,243,842	-	-	(32,243,842)
Total Governmental Activities	\$ 960,804,124	\$ 2,064,766	\$ 116,401,761	(842,337,597)
General Revenues:				
				119,100,000
				1,696,770
				591,703,124
				80,330,360
				9,355,976
				802,186,230
				Change in Net Position (40,151,367)
				Net Position - Beginning (583,725,815)
				Net Position - Ending \$ (623,877,182)

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, 2020**

(continued next page)

	General	Special Aid	School Food Service
Assets			
Cash and cash equivalents	\$ 115,658,679	\$ -	\$ 5,892
Restricted cash and cash equivalents	11,916,263	-	-
Receivables:			
Accounts	2,892,473	68,997	8,196
Due from other funds	30,143,013	524,032	1,294,044
Due from other governments	22,142,623	41,383,497	893,866
Prepayments	397,019	2,339	-
Inventories at cost	-	-	1,088,453
Total assets	<u>\$ 183,150,070</u>	<u>\$ 41,978,865</u>	<u>\$ 3,290,451</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 41,720,247	\$ 6,856,944	\$ 1,303,928
Due to other funds	26,299,368	29,276,259	-
Due to other governments	10,863,061	781,276	-
Due to retirement systems	22,015,279	3,822,076	251,912
Unearned revenues	4,185	1,242,310	-
Notes payable - BANS	-	-	-
Total liabilities	<u>100,902,140</u>	<u>41,978,865</u>	<u>1,555,840</u>
Fund balances:			
Nonspendable			
Inventory	-	-	1,088,453
Prepayments	397,019	-	-
Restricted For			
Capital expenditures	-	-	-
Debt service	11,916,263	-	-
Revolving loan program	-	-	-
Committed For			
Revolving loan program	-	-	-
Insurance claims	1,000,000	-	-
Workers' compensation	5,000,000	-	-
Other post employment benefits (OPEB)	10,000,000	-	-
Assigned For			
Transportation	23,100,000	-	-
CARES act	10,000,000	-	-
Health insurance	4,625,000	-	-
Capital local share	7,000,000	-	-
School food service	3,000,000	-	646,158
Encumbrances	445,130	-	-
Unassigned	5,764,518	-	-
Total fund balance	<u>82,247,930</u>	<u>-</u>	<u>1,734,611</u>
Total liabilities and fund balances	<u>\$ 183,150,070</u>	<u>\$ 41,978,865</u>	<u>\$ 3,290,451</u>

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

Capital Projects	RJSCB	Total Governmental Funds
\$ -	\$ -	\$ 115,664,571
1,483,846	59,289,785	72,689,894
-	15,275	2,984,941
12,367,001	779,822	45,107,912
-	4,300,000	68,719,986
-	56,495	455,853
-	-	1,088,453
<u>\$ 13,850,847</u>	<u>\$ 64,441,377</u>	<u>\$ 306,711,610</u>
\$ 1,846,318	\$ 14,208,555	\$ 65,935,992
-	244,670	55,820,297
-	-	11,644,337
40,675	-	26,129,942
-	-	1,246,495
<u>37,850,000</u>	<u>-</u>	<u>37,850,000</u>
<u>39,736,993</u>	<u>14,453,225</u>	<u>198,627,063</u>
-	-	1,088,453
-	56,495	453,514
-	49,682,764	49,682,764
-	-	11,916,263
-	100,000	100,000
-	148,893	148,893
-	-	1,000,000
-	-	5,000,000
-	-	10,000,000
-	-	23,100,000
-	-	10,000,000
-	-	4,625,000
-	-	7,000,000
-	-	3,646,158
-	-	445,130
<u>(25,886,146)</u>	<u>-</u>	<u>(20,121,628)</u>
<u>(25,886,146)</u>	<u>49,988,152</u>	<u>108,084,547</u>
<u>\$ 13,850,847</u>	<u>\$ 64,441,377</u>	<u>\$ 306,711,610</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, 2020**

Amounts reported in governmental activities in the statement of net position (page 35) are different because:

Total fund balances (page 38)	\$ 108,084,547
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	744,937,454
Construction in progress for governmental activities is not a financial resource and, therefore, is not reported in the funds.	150,003,170
Deferred charges on refunding net of amortization are not available resources and, therefore, are not reported in the funds.	797,076
Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,745,114
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.	(1,773,568,248)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(61,644,392)
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.	116,727,096
Net deferred outflows related to OPEB are not financial resources and, therefore, are not reported in the funds.	150,653,466
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.	(8,385,487)
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.	(89,653,740)
Net accrued interest expense for bonds and notes are not reported in the funds.	(6,573,238)
Net position of governmental activities	<u>\$ (623,877,182)</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, 2020

(continued next page)

	General	Special Aid
Revenues		
Local sources:		
Use of money and property (interest and rent)	\$ 223,800	\$ -
Intergovernmental	119,100,000	-
Other	10,512,795	4,876,241
State sources	677,366,735	55,730,814
Federal sources	5,263,857	55,794,706
Surplus food	-	-
Sales	-	-
Total revenues	<u>812,467,187</u>	<u>116,401,761</u>
Expenditures		
Current:		
General Support:		
Staff	7,655,378	-
Central services	48,045,160	17,872
Other	11,703,278	3,875,035
Instructional:		
Teaching - regular school	274,349,725	29,137,251
Special apportionment programs	149,433,267	21,379,640
Other	102,334,923	59,580,637
Pupil transportation	54,814,943	2,377,573
Community services	620,956	2,688,781
Cost of sales	-	-
Debt service:		
Principal	-	-
Interest	1,638,751	-
Bond issue costs	-	-
Capital outlay	-	-
Total expenditures	<u>650,596,381</u>	<u>119,056,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>161,870,806</u>	<u>(2,655,028)</u>
Other Financing Sources (Uses)		
Bonds issued	-	-
Net premium on debt issuance	-	-
Transfers in	804,135	2,655,028
Transfers out	<u>(87,613,636)</u>	<u>-</u>
Total other financing sources (uses)	<u>(86,809,501)</u>	<u>2,655,028</u>
Net change in fund balances	75,061,305	-
Fund balances - beginning	<u>7,186,625</u>	<u>-</u>
Fund balances - ending	<u>\$ 82,247,930</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
\$ -	\$ 712,940	\$ -	\$ 760,030	\$ 1,696,770
-	-	-	-	119,100,000
31,847	-	4,966	863,237	16,289,086
404,337	-	1,992,004	4,300,000	739,793,890
16,052,880	-	-	-	77,111,443
987,004	-	-	-	987,004
7,897	-	-	-	7,897
<u>17,483,965</u>	<u>712,940</u>	<u>1,996,970</u>	<u>5,923,267</u>	<u>954,986,090</u>
-	-	-	-	7,655,378
-	-	-	-	48,063,032
12,264,852	-	-	-	27,843,165
-	-	-	-	303,486,976
-	-	-	-	170,812,907
-	-	-	-	161,915,560
-	-	-	-	57,192,516
-	-	-	-	3,309,737
7,387,502	-	-	-	7,387,502
-	77,012,706	-	-	77,012,706
-	30,502,611	-	-	32,141,362
-	45,748	-	1,024,217	1,069,965
-	-	24,758,092	102,623,758	127,381,850
<u>19,652,354</u>	<u>107,561,065</u>	<u>24,758,092</u>	<u>103,647,975</u>	<u>1,025,272,656</u>
<u>(2,168,389)</u>	<u>(106,848,125)</u>	<u>(22,761,122)</u>	<u>(97,724,708)</u>	<u>(70,286,566)</u>
-	25,920,777	-	44,685,000	70,605,777
-	-	-	10,562,584	10,562,584
2,168,320	81,640,288	1,150,000	-	88,417,771
-	(712,940)	-	(91,195)	(88,417,771)
<u>2,168,320</u>	<u>106,848,125</u>	<u>1,150,000</u>	<u>55,156,389</u>	<u>81,168,361</u>
(69)	-	(21,611,122)	(42,568,319)	10,881,795
1,734,680	-	(4,275,024)	92,556,471	97,202,752
<u>\$ 1,734,611</u>	<u>\$ -</u>	<u>\$ (25,886,146)</u>	<u>\$ 49,988,152</u>	<u>\$ 108,084,547</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, 2020**

Amounts reported for governmental activities in the statement of activities (page 36) are different because:

Net change in fund balances -- total governmental funds (page 42)	\$ 10,881,795
Proceeds from long-term debt are recorded as other financing sources for governmental funds but are not recorded in the statement of activities. Proceeds of long-term debt are recorded as liabilities.	(105,605,777)
Amortization recorded in the statement of activities that does not use current financial resources is not reported as an expenditure in the funds.	(301,876)
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.	77,679,372
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 \$691,883, TRS \$2,516,630].	3,208,513
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.	(193,968,410)
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.	108,897,707
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.	1,520,956
Depreciation is recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(42,646,070)
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.	12,402,340
Asset disposals are recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(15,995,062)
Increase in retainages recorded in the statement of activities and do not use current financial resources are not reported as an expenditure in the funds.	(141,865)
Change in proportionate share of net pension asset (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 (\$45,689,966), TRS \$13,963,093].	(31,726,873)
Change 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 \$33,763,234, TRS (\$45,024,331)].	(11,261,097)
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.	150,653,466
The 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.	(3,748,486)
Changes in net position of governmental activities	<u>\$ (40,151,367)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	Agency Fund	Private Purpose Trust Fund
Assets		
Restricted Cash and Cash Equivalents	\$ 770,918	\$ 198,828
Due from Other Funds	10,671,677	40,708
Total Assets	\$ 11,442,595	\$ 239,536
Liabilities and Net Position		
Accounts Payable and Accrued Liabilities	\$ 8,498,995	\$ 200
Due to Student Groups	143,702	-
Due to Retirement Systems	2,799,898	-
Total Liabilities	11,442,595	200
Net Position		
Held in Trust for Scholarships and Awards	-	239,336
Total Liabilities and Net Position	\$ 11,442,595	\$ 239,536

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, 2020**

	<u>Private Purpose Trust Fund</u>
Additions:	
Interest	\$ 420
Scholarships	(32,000)
Gifts and Donations	1,000
Total additions	<u>(30,580)</u>
Deductions:	
Scholarships	-
Gifts and Donations	4,848
Total deductions	<u>4,848</u>
Change in Net Position	(35,428)
Net Position - Beginning	<u>274,764</u>
Net Position - Ending	<u>\$ 239,336</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, 2020**

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 more significant of the District's 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, 2019 to June 30, 2020. 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 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 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 Agency Fund of the District. Separate financial statements (cash basis) of the Student Activity Funds can be found on pages 131 – 132 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 rehabilitation of existing school buildings for their continued use as schools by the District.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. 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. These major funds are:

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

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

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

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

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

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

The District also reports fiduciary funds in its financial statements in which the District acts as trustee or agent for resources that are the property of others. These activities are not included in the

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

government-wide financial statements, because their resources are not the property of the District, and are not available to be used. The fiduciary funds are as follows:

Agency Fund – This fund is custodial in nature and does not involve the measurement of results of operations. Assets are held by the District, acting as agent, for various student activities, health, contract performance, and payroll or employee withholdings.

Private Purpose Trust Fund – This fund is used to account for trust arrangements in which principal and income benefits third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine the benefactors.

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, with the exception of the agency fund, which has no measurement focus, but does employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

1. Deposits and Investments

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$712,940 for fiscal year 2019-20, 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. Donations to be used towards scholarships in the Private Purpose Trust Fund and funds supporting extraclassroom activities in the Agency Fund are restricted specifically for those purposes. For more information on restricted assets, refer to Note IV. A. of this report.

3. Accounts Receivable

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

4. Interfund Transactions

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

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

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

**ROCHESTER CITY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$1,088,453 in inventory at June 30, 2020. 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, 2020, the General fund recorded prepaid expenditures in the amount of \$397,019 for self-insured health insurance administrative and stop loss fees and health insurance. Prepayments of \$2,339 were recorded in the Special Aid fund for travel reservations. Additionally, prepayments of \$56,495 recorded in the RJSCB fund was primarily for prepaid insurance. These prepayments will be recorded as expenditures during fiscal year 2020-21. Prepayments are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has 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-

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$4,185 in the General fund at June 30, 2020 for lease prepayments associated with the utilization of a parking lot. The District also received cash in advance of expenditures in the amount of \$1,242,310 for Special Aid fund projects during fiscal year 2019-20. These funds represent receipts for various grants that were not fully spent as of June 30, 2020. As the funds are spent during fiscal year 2020-21, revenue will be recorded.

10. Vested Employee Benefits

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

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

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

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

It is the District's policy to permit employees to accumulate earned but unused vacation pay. All vacation pay is accrued and it is based on past employee service and current pay rates in effect at the end of the fiscal year. All vacation pay is accrued when incurred in the fund basis and government-wide financial statements. A liability of \$1,229,162 is recorded on the fund basis balance sheet for compensated absences incurred during fiscal 2019-20, but expected to be paid within 60 days of the end of the fiscal year, and a non-current liability of \$4,817,499 has been recorded on the Statement of Net Position for estimated vacation expense incurred during 2019-20, expected to be paid after 60 days, but within one year of the end of the fiscal year.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 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.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Fund Statements -

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

Nonspendable fund balance – Includes amounts that cannot be spent because it is either not in spendable form or is legally or contractually required to remain intact. This would include prepayments and inventory in the School Food Service fund.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or legislation.

Committed – Includes 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. Formal action via adopted Board Resolution initiated by the Board of Education is required to establish, modify or rescind fund commitments.

Assigned – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances and appropriated fund balances of the General fund are classified as assigned fund balance. Under the District’s Fund Balance Policy No. 600, adopted on August 25, 2011, the Superintendent and the Chief Financial Officer of the District as the Superintendent’s designee, were delegated the authority to assign amounts to a specific purpose during the 2019-20 financial reporting period.

Unassigned – Includes all other General fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the District or 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% to 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, 2020, the District has \$445,130 in General fund encumbrances.

F. Use of Estimates

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (\$1,773,586,248) difference are as follows:

Bonds payable	\$ (635,945,777)
Compensated absences	(4,817,499)
Other post-employment benefits	(1,051,932,046)
Due to other governments	(45,000,000)
Claims payable	(30,197,472)
Retainages payable	<u>(5,693,454)</u>
	<u>\$ (1,773,586,248)</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 \$77,679,372 difference are as follows:

Bond principal payments	\$ 77,012,706
Contractual obligation principal payments	<u>666,666</u>
	<u>\$ 77,679,372</u>

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 (\$193,968,410) difference are as follows:

Claims payable	\$ 2,669,917
Other post-employment benefits	(195,229,454)
Compensated absences	<u>(1,408,873)</u>
	<u>\$ (193,968,410)</u>

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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 2019-20 began on July 1, 2019 and ended on June 30, 2020. 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 authorizes management to make transfers between the various budgetary line items in any fund within the fund level.

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 \$24,239,510 for the General Fund \$11,530,341 for the Special Aid fund, and (\$1,500,000) for the School Food Service Fund.

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, 2020, the Capital Projects Fund has a deficit fund balance of \$25,886,146. 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

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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 \$969,746 reported in the Fiduciary fund restricted for extra classroom activities, flexible spending withholdings, scholarships and awards, \$59,289,785 reported in the RJSCB fund primarily comprised of unexpended bond proceeds, \$1,483,846 in the Capital Projects fund comprised of unexpended BAN proceeds, and \$11,916,263 reported in the General fund for funds held in trust for future debt payments.

Investment and Deposit Policy – The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City on behalf of the District.

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

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

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

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

**ROCHESTER CITY SCHOOL DISTRICT
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Cash - At year-end, the District's cash was \$189,125,382. 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 \$198,828. Cash equivalents were collateralized at 102% with U.S. Government securities held by a third party.

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

B. Receivables

As of year ended June 30, 2020, 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>
\$2,892,473	\$68,997	\$8,196	\$15,275	\$2,984,941

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. The RJSCB fund receivable was for accrued interest.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 17,349,160	\$ 1,212,923	\$ -	\$ 18,562,083
Construction in Progress	128,845,234	108,897,707	87,739,771	150,003,170
Total capital assets not being depreciated	<u>146,194,394</u>	<u>110,110,630</u>	<u>87,739,771</u>	<u>168,565,253</u>
Capital assets being depreciated:				
Buildings & Improvements	1,043,147,707	84,550,882	10,680,214	1,117,018,375
Equipment & Other	58,604,698	3,496,923	5,314,848	56,786,773
Total capital assets being depreciated	<u>1,101,752,405</u>	<u>88,047,805</u>	<u>15,995,062</u>	<u>1,173,805,148</u>
Less accumulated depreciation for:				
Buildings & Improvements	(378,028,900)	(37,698,546)	(7,116,632)	(408,610,814)
Equipment & Other	(39,157,147)	(4,947,524)	(5,285,708)	(38,818,963)
Total accumulated depreciation	<u>(417,186,047)</u>	<u>(42,646,070)</u>	<u>(12,402,340)</u>	<u>(447,429,777)</u>
Total capital assets being depreciated, net	<u>684,566,358</u>	<u>45,401,735</u>	<u>3,592,722</u>	<u>726,375,371</u>
District capital assets, net	<u>\$ 830,760,752</u>	<u>\$ 155,512,365</u>	<u>\$ 91,332,493</u>	<u>\$ 894,940,624</u>

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

Instructional teaching regular school	\$ 37,239,478
General support central services	5,058,730
Pupil transportation	284,818
Community services	63,044
	<u>\$ 42,646,070</u>

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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1. Significant Construction Commitments

The District, along with the RJSCB, capitalized \$110.4 million of assets during fiscal year 2019-20. These disbursements were for equipment, land, construction in progress, and improvements to various facilities. It is estimated that \$124.0 million will be disbursed by the District and \$392.0 million will be disbursed by the RJSCB on capital asset items during the next five fiscal years.

2. Asset Impairment and Insurance Recoveries

During fiscal year 2019-20, the District had no material asset impairments or insurance recoveries.

3. Accounting and Financial Reporting for Intangible Assets

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

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, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 30,143,013	\$ 26,299,368
Special Aid	524,032	29,276,259
School Food Service	1,294,044	-
Capital Projects	12,367,001	-
RJSCB	779,822	244,670
Fiduciary	10,712,385	-
Total	<u>\$ 55,820,297</u>	<u>\$ 55,820,297</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, 2020:

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Fund	Transfers In	Transfers Out
General	\$ 804,135	\$ 87,613,636
Special Aid	2,655,028	-
School Food Service	2,168,320	-
Debt Service	81,640,288	712,940
Capital Projects	1,150,000	-
RJSCB	-	91,195
Total	\$ 88,417,771	\$ 88,417,771

E. Due from Other Governments

As of year ended June 30, 2020, management believes the following accounts receivable to be fully collectible within the subsequent fiscal year:

Fund	Local	State	Federal	Total
General	\$ 4,127,695	\$ 15,026,910	\$ 2,988,018	\$ 22,142,623
Special Aid	4,118,940	19,204,319	18,060,238	41,383,497
School Food Service	-	62,648	831,218	893,866
RJSCB	-	4,300,000	-	4,300,000
Total	\$ 8,246,635	\$ 38,593,877	\$ 21,879,474	\$ 68,719,986

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 2019-20 for operating leases was approximately \$42,000 and \$4.2 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, 2020:

Fiscal Year	Receipts	Payments
2020-21	\$ 18,000	\$ 1,159,996
2021-22	18,000	1,159,996
2022-23	18,000	1,246,662
2023-24	18,000	1,246,662
2024-25	18,000	1,246,662
	\$ 90,000	\$ 6,059,978

The District anticipates receiving approximately \$1.2 million in NYS lease aid annually, over the next five years to offset the payment amounts shown.

G. Short-Term Debt

All short-term debt was in the form of bond anticipation notes (BANs), which were used to provide funding for various capital construction and improvement projects. The amounts issued during fiscal 2019-20 are accounted for in the Capital fund. 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.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The schedule below details the changes in short-term debt for the year ended June 30, 2020:

	Balance June 30, 2019	Issues	Redeemed	Balance June 30, 2020
BANs (District)	\$ 19,000,000	\$ 20,000,000	\$ 1,150,000	\$ 37,850,000

H. Long-Term Debt

The District's General fund is used to liquidate all long-term liabilities, as well as debt related liabilities. The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2020:

Governmental Activities:	Balance June 30, 2019	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2020	Due Within One Year
Compensated Absences	\$ 3,408,626	\$ 7,123,682	\$ 5,714,809	\$ 4,817,499	\$ 4,817,499
Claims Payable -					
Workers' Compensation	24,149,389	4,841,202	5,771,119	23,219,472	6,015,374
TRS Incentive (Local)	8,700,000	-	1,740,000	6,960,000	1,740,000
Other Post Employment Benefits	856,702,592	223,497,231	28,267,777	1,051,932,046	-
Due to Other Governments -					
NYS Lottery Advances	10,666,666	35,000,000	666,666	45,000,000	1,833,334
NYS ERS Loan Payable	3,778,110	-	691,883	3,086,227	574,594
NYS TRS Loan Payable	7,815,890	-	2,516,630	5,299,260	2,604,268
ERS Pension Liability	15,954,426	45,689,966	-	61,644,392	-
General Obligation Bonds -					
District Serial Bonds	126,212,706	25,920,777	45,782,706	106,350,777	19,238,422
Premium	10,660,195	-	1,297,762	9,362,433	1,272,985
School Facilities Revenue Bonds-					
FMP Revenue Bonds	516,140,000	44,685,000	31,230,000	529,595,000	33,570,000
Premium	75,347,539	10,562,584	5,618,816	80,291,307	6,322,988
Total Long Term Liabilities	<u>\$ 1,659,536,139</u>	<u>\$ 397,320,442</u>	<u>\$ 129,298,168</u>	<u>\$ 1,927,558,413</u>	<u>\$ 77,989,464</u>

Compensated absences paid in fiscal year 2019-20 totaled approximately \$5.3 million, excluding payroll taxes. This amount is reflected in maturities/reductions along with any balance remaining from fiscal year 2018-19. The new issues/additions reflect the new long-term liability at June 30, 2020. 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.

	Workers' Compensation
Estimated claims June 30, 2018	\$ 25,139,713
Additions 2018-19	4,057,250
Payments 2018-19	5,047,574
Estimated claims June 30, 2019	<u>\$ 24,149,389</u>
Additions 2019-20	4,841,202
Payments 2019-20	5,771,119
Estimated claims June 30, 2020	<u>\$ 23,219,472</u>

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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 individuals will received the first of five annual payments of \$10,000 in January 2020. For additional information on the District's early retirement incentive, refer to Note V.B.

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 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 be repaid over 30 years at 0% interest. The first annual payment of \$1,166,667 will be made in fiscal 2020-21 and will be recorded as annual deductions to state aid revenue.

During fiscal 2013-14, in an effort to manage steeply rising pension costs, the District elected to participate in the ERS and TRS Contribution Stabilization Programs (“pension smoothing programs”). These programs enabled the District to defer a portion of their required contributions for repayment in future years. Due to favorable plan rates in subsequent years, the District opted out of the ERS program in 2015-16 and the TRS program in 2016-17. As a result, a TRS loan for the amount deferred was incurred. This loan is repayable in five annual installments of \$2.7 million, including interest, which began in 2017-18. The amount of interest outstanding at June 30, 2020 was approximately \$0.1 million. Similarly, an ERS loan payable totaling \$3.1 million at June 30, 2020 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, 2020 was approximately \$0.3 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 bonds of which \$25,585,000 were refunded on behalf of the District. After payment of \$45,748 in underwriting fees, insurance and other issuance costs, the net proceeds 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.

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for the period equivalent to one-half of the period of probable usefulness for each improvement as defined by New York State Local Finance Law. Interest rates range from 1.27% to 5.00%. School facility revenue bonds are bonds issued at 5% interest for the School Modernization Program (FMP) for which the District's State Aid is pledged. The original amounts of these bonds outstanding at June 30, 2020 are as follows:

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Series	Issue Amount	Maturity Date	2019-20 Rate	Series	Issue Amount	Maturity Date	2019-20 Rate
RCSD General Obligation Bonds				JSCB School Facility Revenue Bonds			
2012 II	5,655,000	08/15/19	2.00	2012A	66,190,000	05/01/22	5.00
2012 III	9,640,000	02/15/25	2.25	2012B	57,910,000	05/01/28	5.00
2012 IV	7,525,000	10/15/21	4.00	2013	103,055,000	05/01/30	5.00
2012 V	14,965,000	02/15/22	4.00	2015	44,225,000	05/01/31	5.00
2013 II	27,015,000	02/01/29	5.00	2017	123,670,000	05/01/33	5.00
2015 I	18,880,000	08/01/30	5.00	2018	197,295,000	05/01/35	5.00
2016 I	17,271,400	10/15/24	4.00	2020	44,685,000	05/01/35	5.00
2018 II	45,012,000	08/01/33	4.00				
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 \$249,093,682 as of June 30, 2020. The District had \$23,753,000 of authorized but unissued debt as of June 30, 2020. The debt-contracting margin of the District as of June 30, 2020 was \$104,892,905.

The District paid no arbitrage to the Federal Government during 20119-20. 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, 2020:

Fiscal Year Ending June 30	District Principal	District Interest	JSCB Principal	JSCB Interest	Total
2021	\$ 19,238	\$ 3,198	\$ 33,570	\$ 25,835	\$ 81,841
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
2026-30	29,802	4,489	196,500	62,542	293,333
2031-35	9,895	592	141,320	20,163	171,970
2036-40	-	-	935	47	982
	<u>\$ 106,350</u>	<u>\$ 16,822</u>	<u>\$ 529,595</u>	<u>\$ 196,427</u>	<u>\$ 849,194</u>

I. Bond Anticipation Notes (BANs)

It has been the District's practice to fund capital 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. The District had BANs outstanding at June 30, 2020 in the amount of \$37,850,000.

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 \$4,093,000 has been recorded in the District's general fund for estimated health insurance claims expense incurred but not paid during 2019-20.

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, 2020 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 2019-20 that are expected to be paid within the subsequent fiscal year.

	Workers' Compensation	Health Insurance
Estimated claims July 1, 2018	\$ 6,008,938	\$ 5,030,000
Claims incurred 2018-19	4,862,508	92,104,442
Payments and reductions 2018-19	5,047,574	92,286,442
Estimated claims June 30, 2019	<u>\$ 5,823,872</u>	<u>\$ 4,848,000</u>
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>

A current liability of \$6,015,374 and a non-current liability of \$17,204,098 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

**ROCHESTER CITY SCHOOL DISTRICT
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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.

Employees' Retirement System (ERS)

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

2. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contributed 3 percent of their salary for the first ten years of membership. Employees who

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(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
	03/31/2020	6/30/2019
Measurement date		
Net pension asset (liability)	\$ (61,644,392)	\$ 44,745,114
District's portion of the Plan's total net pension liability	0.2327910%	1.722286%
Change in proportionate share since prior measurement date	0.007615	0.019989

For the year ended June 30, 2020, the District recognized pension expenses of \$54,857,328, for TRS and \$22,359,483 for ERS, net of deferrals. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 3,628,022	\$ 30,322,621	\$ -	\$ 3,327,334
Changes of assumptions	1,241,226	84,529,506	1,071,778	20,610,685
Net difference between projected and actual earnings on pension plan investments	31,601,912	-	-	35,883,274
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,526,708	2,874,549	363,703	5,870,616
District's contributions subsequent to the measurement date	2,368,219	23,761,723	-	-
Total	<u>\$ 42,366,087</u>	<u>\$ 141,488,399</u>	<u>\$ 1,435,481</u>	<u>\$ 65,691,909</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**ROCHESTER CITY SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Year Ended	ERS	Year Ended	TRS
3/31/2021	\$ 7,115,686	6/30/2020	\$ 19,765,615
3/31/2022	9,857,160	6/30/2021	806,782
3/31/2023	12,016,398	6/30/2022	19,692,242
3/31/2024	9,573,144	6/30/2023	12,884,704
3/31/2025	-	6/30/2024	665,644
Thereafter	-	Thereafter	(1,780,220)

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	03/31/20	06/30/19
Actuarial valuation date	04/01/19	06/30/18
Interest rate	6.8%	7.1%
Salary scale	4.2%	1.9% - 4.7%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	1.3%

For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2018.

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 below:

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Measurement Date Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
	3/31/2020	6/30/2019	3/31/2020	6/30/2019
Domestic equity	36.0%	33.0%	4.0%	6.3%
International equity	14.0	16.0	6.2	7.8
Global equity	-	4.0	-	7.2
Real estate equity	10.0	11.0	5.0	4.6
Private equity	10.0	8.0	6.8	9.9
Domestic fixed income	-	16.0	-	1.3
Global bonds	-	2.0	-	0.9
High-yield bonds	-	1.0	-	3.6
Private debt	-	1.0	-	6.5
Real estate debt	-	7.0	-	2.9
Cash equivalents	1.0	1.0	-	0.3
Absolute return strategies	2.0	-	3.3	-
Opportunistic portfolio	3.0	-	-	4.7
Real assets	3.0	-	-	6.0
Bond and mortgages	17.0	-	0.8	-
Inflation indexed bonds	4.0	-	0.5	-
Total	<u>100.0%</u>	<u>100.0%</u>		

5. Discount Rate

The discount rate used to calculate the total pension liability was 6.8% 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 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (5.8% for ERS and 6.1% for TRS) or one percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset/(liability)	\$ (113,134,864)	\$ (61,644,392)	\$ (14,221,449)
TRS	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset/(liability)	\$ (201,974,774)	\$ 44,745,114	\$ 251,715,259

**ROCHESTER CITY SCHOOL DISTRICT
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7. Pension Plan Fiduciary Net Position

The components of the current-year collective net pension asset/(liability) of the employers as of the respective measurement dates, were as follows (amounts in thousands):

	ERS	TRS
Measurement date	03/31/20	06/30/19
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to the employers' total pension liability	86.4%	102.2%

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on ERS wages multiplied by the contribution rate, by tier. Accrued employer retirement contributions were \$2,368,219, and employee accrued retirement contributions were \$173,742 as of June 30, 2020. Because the District opted out of the ERS pension amortization program during 2014-15, it will repay prior year amortizations in ten equal, annual installments which began in December of 2015. As of June 30, 20120, the total outstanding balance for ERS amortization repayments was \$3,086,227.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by a contribution rate of 8.86%, as calculated by the TRS as of the actuarially required rate. Employer accrued retirement contributions were \$23,761,723 and employee accrued retirement contributions were \$2,626,156 as of June 30, 2020. Because the District opted out of the TRS pension amortization program during 2016-17, it will repay prior year amortizations in five equal, annual installments which began in the fall of 2017. As of June 30, 2020, the total outstanding balance for TRS amortization repayments was \$5,299,260.

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, 2020, a liability of \$6,960,000 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,

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$1,051,932,046 was measured as of June 30, 2020 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, 2020 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	2.44%
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.

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.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

5. Changes in the Total OPEB Liability

Balance at July 1, 2019		\$ 856,702,592
Changes for the year:		
Service Cost		26,084,486
Interest		20,558,676
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		176,854,069
Benefit payments		<u>(28,267,777)</u>
Net changes		195,229,454
Balance at June 30, 2020		<u>\$ 1,051,932,046</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in fiscal year 2018-19 to 2.44 percent in fiscal year 2019-20 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 (1.44%) or one percentage point higher (3.44%) than the current discount rate.

	1% Decrease 1.44%	Discount Rate 2.44%	1% Increase 3.44%
Total OPEB Liability	\$ 1,310,465,392	\$ 1,051,932,046	\$ 863,131,037

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		
	1% Decrease 6% decreasing to 3.5%	7% decreasing to 4.5%	1% Increase 8% Decreasing to 5.5%
Total OPEB Liability	\$ 851,674,989	\$ 1,051,932,046	\$ 1,327,493,112

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$72,843,765. A summary of deferred inflows and outflows for the 2019 plan year valuation is as follows:

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	\$ -	\$ -
Net difference between expected and actual earnings on OPEB investments	-	-
Impact due to changes in assumptions	150,653,466	-
Total	\$ 150,653,466	\$ -

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

Fiscal Year End Date	Beginning of Year Unamortized Balance		OPEB Amortization Expense		End of Year Unamortized Balance
6/30/2020					\$ 150,653,466
6/30/2021	\$ 150,653,466	\$	26,200,603	\$	124,452,863
6/30/2022	\$ 124,452,863	\$	26,200,603	\$	98,252,260
6/30/2023	\$ 98,252,260	\$	26,200,603	\$	72,051,657
6/30/2024	\$ 72,051,657	\$	26,200,603	\$	45,851,054
6/30/2025	\$ 45,851,054	\$	26,200,603	\$	19,650,451
6/30/2026	\$ 19,650,451	\$	19,650,451	\$	-

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 2019-20, MRA claims totaling \$22,553 were paid by the District and at June 30, 2020, there were twenty-nine active participants.

D. The Rochester Joint Schools Construction Board

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 create the Rochester Joint Schools Construction Board (the “RJSCB”). The RJSCB oversees the Facilities Modernization Program (FMP). The FMP will be executed in three phases. Phase I is complete and totaled \$325.2 million in school renovation expenditures 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 two district-wide technology project. Construction began in June 2017. By September 2020, eleven projects were substantially completed and those schools were re-opened. Anticipated final completion of all Phase II projects is in the year 2022. Legislation

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

authorizing Phase III was introduced but not enacted in the 2019 or 2020 legislative sessions. The bill must be reintroduced and approved by both the Assembly's and Senate's Education Committees before it can be enacted by the Legislature and Governor. It would authorize up to 15 building projects plus a district-wide technology project at a cost of up to \$550.0 million.

Financing of RJSCB Phase II

Bonds totaling \$365.7 million have been issued in association with Phase II. The total proceeds including premiums are \$435.0 million. The final borrowing of \$44.7 million was issued in June 2020 to cover the final Phase II costs.

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 \$2.1 million relative to sixteen separate cases that were pending as of June 30, 2020.

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. 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, 2020, the District has reserved and encumbered approximately \$39,078 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, 2020. As a precaution, as of June 30, 2020 the District has set aside an additional \$76,081 in funds which could be used for other pollution remediation obligations should the need arise. The District has also recorded a total of \$11.7 million 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 \$4.2 million for the year ended June 30, 2020 and included the Baden Street Settlement, Nazareth College, Center for Youth and the University of Rochester. At June 30, 2020, the District had approximately \$0.6 million in outstanding accounts payable with Board affiliated organizations.

**ROCHESTER CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

G. Calculation of Net Investment in Capital Assets

Capital assets		\$ 1,342,370,401
Add: Deferred charges on refunding bonds	\$ 797,076	
Less: Depreciation	(447,429,777)	
Related outstanding debt	<u>(708,129,068)</u>	
		<u>(1,154,761,769)</u>
Net investment in capital assets		<u>\$ 187,608,632</u>

The related outstanding debt comprises the following:

Bonds payable	\$ 635,945,777	
BANs payable	37,850,000	
Unamortized premiums	<u>89,653,740</u>	
	763,449,517	
Less: Unspent proceeds	<u>(55,320,449)</u>	
	<u>\$ 708,129,068</u>	

VI. Subsequent Events

On August 5, 2020, the City of Rochester (City) issued a revenue anticipation note (RAN) in the amount of \$83,805,000 which will mature on June 30, 2021 with interest payable at maturity. The RAN will be used to cover any cash shortages that arise primarily as a result of timing between State Aid receipts and expenditures during the course of the fiscal year borrowing period.

As part of the District’s ongoing capital improvement program, the City issued \$51,278,000 in BANs on behalf of the District on August 5, 2020. The new BANs will be used to pay for construction improvements in association with the District’s annual capital improvement program (CIP).

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 include forced closures for certain types of public places, including public schools. The District’s administration has assessed these events and the impact of these restrictions and closures related to the District’s operations. As of the date of these financial statements and as these events continue to unfold, management believes there will be an impact related to the amount of state aid the District will receive in fiscal 2020-21. The District’s administration believes that state aid will be lower in 2020-21 than anticipated in the adopted 2020-21 budget. The District’s administration has assessed the financial condition and the potential impact on revenues and has assigned fund balances to absorb this anticipated decrease in revenue.

These financial statements have not been updated for subsequent events occurring after November 20, 2020 which is the date these financial statements were made available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

ERS

Fiscal Year	Contractually Required Contribution (CRC)	Contributions in Relation to the CRC	Contribution Deficiency	District's Covered Payroll	Contributions as a Percentage of Employee Payroll
2010-11	\$ 9,453,663	\$ 9,453,663	\$ -	\$ 54,235,208	17.4%
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

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
2010-11	\$ 21,183,244	\$ 21,183,244	\$ -	\$ 216,993,530	9.8%
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	23,761,842	23,761,842	-	270,575,967	8.8

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

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

	ERS					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
District's proportion of the net pension asset (liability)	0.237995%	0.233961%	0.227483%	0.2346815%	0.2251763%	0.2327910%
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)
District's covered payroll	\$ 67,496,597	\$ 68,559,466	\$ 73,490,258	\$ 73,552,764	\$ 77,313,327	\$ 77,742,850
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	11.9%	52.7%	-29.1%	-10.3%	-20.6%	-79.3%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.9%	90.7%	94.7%	98.2%	96.3%	86.4%

	TRS					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
District's proportion of the net pension asset (liability)	1.729107%	1.663625%	1.651834%	1.616517%	1.702297%	1.722286%
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
District's covered payroll	\$248,109,334	\$253,838,859	\$259,214,370	\$258,258,210	\$278,944,724	\$289,068,585
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	77.6%	68.1%	-6.8%	4.8%	11.0%	15.5%
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.5%	110.5%	99.0%	100.7%	101.5%	102.2%

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 are 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 THREE FISCAL YEARS**

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

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 are 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, 2020**

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
REVENUES				
Local Sources:				
Use of Money and Property	\$ 350,000	\$ 150,000	\$ 223,800	\$ 73,800
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Other	16,415,387	8,215,387	10,512,795	2,297,408
State Sources	650,338,042	678,703,747	677,366,735	(1,337,012)
Federal Sources	2,100,000	2,100,000	5,263,857	3,163,857
Total Revenues	788,303,429	808,269,134	812,467,187	4,198,053
EXPENDITURES				
Current:				
General Support:				
Staff	6,007,961	7,514,348	5,724,144	1,790,204
Central Services	43,027,089	42,475,552	37,979,469	4,496,083
Other	9,597,016	18,515,330	9,145,533	9,369,797
Instructional				
Teaching -- Regular School	211,537,388	221,157,937	215,344,409	5,813,528
Special Apportionment Programs	125,528,635	123,118,908	114,161,885	8,957,023
Other	78,342,923	77,894,907	72,235,021	5,659,886
Pupil Transportation	77,244,816	78,262,164	52,340,651	25,921,513
Community Services	567,551	605,234	450,730	154,504
Employee Benefits				
Retirement	31,350,276	34,499,360	31,840,878	2,658,482
Social Security	22,377,719	22,377,719	22,375,188	2,531
Health Insurance	81,220,820	86,229,765	77,035,965	9,193,800
Workers' Compensation	3,017,333	5,087,333	5,069,475	17,858
Other	4,623,055	7,566,909	5,151,838	2,415,071
Debt Service	2,278,945	1,638,753	1,638,751	2
Total Expenditures	696,721,527	726,944,219	650,493,937	76,450,282
Excess (Deficiency) of Revenues Over Expenditures	91,581,902	81,324,915	161,973,250	80,648,335
OTHER FINANCING SOURCES (USES)				
Transfers In	2,268,386	6,542,191	804,135	(5,738,056)
Transfers Out	(93,850,288)	(87,867,106)	(87,613,636)	253,470
Total Other Financing Sources (Uses)	(91,581,902)	(81,324,915)	(86,809,501)	(5,484,586)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses Budget Basis	\$ -	\$ -	75,163,749	\$ 75,163,749
Encumbrances Included in Actual			445,130	
Excess of Revenues and Other Sources Over Expenditures, Encumbrances and Other Uses			75,608,879	
Expenditure of Prior Years' Encumbrances			(547,574)	
Excess of Revenues and Other Sources Over Expenditures and Other Uses			75,061,305	
Fund Balance -- Beginning of Year			7,186,625	
Fund Balance -- End of Year			82,247,930	

The note to the Required Supplementary Information are 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, 2020**

	Special Aid Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Local Sources	\$ 6,606,306	\$ 8,187,933	\$ 4,876,241	\$ (3,311,692)
State Sources	60,465,339	60,748,009	55,730,814	(5,017,195)
Federal Sources	48,955,615	58,621,659	55,794,706	(2,826,953)
Total Revenues	<u>116,027,260</u>	<u>127,557,601</u>	<u>116,401,761</u>	<u>(11,155,840)</u>
EXPENDITURES				
Current:				
General Support				
Central Services	3,911	13,287	276,743	(263,456)
Other	2,562,340	3,024,623	514,631	2,509,992
Instructional				
Teaching -- Regular School	50,966,333	55,364,186	51,681,776	3,682,410
Special Apportionment Programs	21,816,713	23,400,910	20,261,770	3,139,140
Other	16,729,220	18,833,011	21,168,854	(2,335,843)
Pupil Transportation	1,491,579	1,930,687	2,377,573	(446,886)
Community Services	1,461,981	3,097,687	2,911,378	186,309
Employee Benefits				
Retirement	4,708,463	5,212,909	4,592,987	619,922
Social Security	3,573,809	4,188,189	3,708,656	479,533
Health Insurance	11,232,389	10,955,603	10,385,313	570,290
Workers' Compensation	981,289	1,091,149	798,955	292,194
Other	499,233	445,360	378,153	67,207
Total Expenditures	<u>116,027,260</u>	<u>127,557,601</u>	<u>119,056,789</u>	<u>8,500,812</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2,655,028)</u>	<u>(2,655,028)</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	2,655,028	2,655,028
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2,655,028</u>	<u>2,655,028</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance -- Beginning of Year			<u>-</u>	
Fund Balance -- End of Year			<u>\$ -</u>	

The note to the Required Supplementary Information are 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, 2020**

	School Food Service Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Local Sources				
Other	\$ 200,000	\$ 200,000	\$ 39,744	\$ (160,256)
State Sources	600,000	600,000	404,337	(195,663)
Federal Sources	23,900,000	20,000,000	17,039,884	(2,960,116)
Total Revenues	<u>24,700,000</u>	<u>20,800,000</u>	<u>17,483,965</u>	<u>(3,316,035)</u>
EXPENDITURES				
General Support				
Other	20,700,000	19,161,100	15,886,276	3,274,824
Employee Benefits				
Retirement	1,070,000	1,070,000	1,009,593	60,407
Social Security	560,000	560,900	560,895	5
Health Insurance	2,190,000	2,217,000	2,013,007	203,993
Workers' Compensation	115,000	126,000	121,221	4,779
Other	65,000	65,000	61,362	3,638
Total Expenditures	<u>24,700,000</u>	<u>23,200,000</u>	<u>19,652,354</u>	<u>3,547,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(2,400,000)</u>	<u>(2,168,389)</u>	<u>231,611</u>
OTHER FINANCING SOURCES				
Transfers In	-	2,400,000	2,168,320	(231,680)
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>2,400,000</u>	<u>2,168,320</u>	<u>(231,680)</u>
Appropriation of Prior Year Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>(69)</u>	<u>\$ (69)</u>
Fund Balance -- Beginning of Year			1,734,680	
Fund Balance -- End of Year			<u>\$ 1,734,611</u>	

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

**ROCHESTER CITY SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 due to a combination of reduction in discount rate (3.50% in prior year to 2.44%) plus changes to more current mortality tables. This increase was partially offset by favorable premium rate increases for the past two years and healthcare cost inflation (trend) rates as well as the reduction in employee lives. 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%

The District's proportionate share of the net pension asset/(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%

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SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES

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, 2020
(continued next page)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Revenues</u>	<u>Over (Under) Amended Budget</u>
Revenues				
Local Sources:				
Use of Money and Property	\$ 350,000	\$ 150,000	\$ 223,800	\$ 73,800.00
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Charges for Services	2,878,666	2,178,666	2,025,022	(153,644)
Miscellaneous	13,536,721	6,036,721	8,487,773	2,451,052
State Sources	650,338,042	678,703,747	677,366,735	(1,337,012)
Federal Sources	2,100,000	2,100,000	5,263,857	3,163,857
Total Revenues	<u>788,303,429</u>	<u>808,269,134</u>	<u>812,467,187</u>	<u>4,198,053</u>
Other Sources				
Transfers in	2,268,386	6,542,191	804,135	(5,738,056)
Total Other Sources	<u>2,268,386</u>	<u>6,542,191</u>	<u>804,135</u>	<u>(5,738,056)</u>
Total Revenues and Other Sources	<u>\$ 790,571,815</u>	<u>\$ 814,811,325</u>	<u>\$ 813,271,322</u>	<u>\$ (1,540,003)</u>

(continued next page)

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>
General Support:		
Staff	\$ 6,007,961	\$ 7,514,348
Central Services	43,027,089	42,475,552
Board of Education	746,028	624,293
Central Administration	746,464	1,050,902
Finance	5,141,370	4,758,565
Other	2,963,154	12,081,570
Instructional		
Teaching - Regular School	211,537,388	221,157,937
Programs for Children with Disabilities	119,123,154	116,800,760
Occupational Education	6,405,481	6,318,148
Instruction, Administration and Improvement	44,227,418	45,000,383
Teaching - Special Schools	500,000	213,432
Instructional Media	5,501,654	5,859,104
Pupil Services	28,113,851	26,821,988
Pupil Transportation	77,244,816	78,262,164
Community Services	567,551	605,234
Employee Benefits:		
Retirement	31,350,276	34,499,360
Social Security	22,377,719	22,377,719
Health Insurance	81,220,820	86,229,765
Workers' Compensation	3,017,333	5,087,333
Other	4,623,055	7,566,909
Debt Service		
Principal	1,528,945	-
Interest	750,000	1,638,753
Total Expenditures	<u>696,721,527</u>	<u>726,944,219</u>
Other Uses		
Transfers Out	93,850,288	87,867,106
Total Expenditures and Other Uses	<u>790,571,815</u>	<u>814,811,325</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>

<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
\$ 5,722,684	\$ 1,460	\$ 1,790,204
37,861,561	117,908	4,496,083
493,625	-	130,668
952,150	-	98,752
4,480,616	-	277,949
3,219,142	-	8,862,428
215,274,127	70,282	5,813,528
108,703,012	-	8,097,748
5,458,873	-	859,275
42,424,911	6,708	2,568,764
213,429	-	3
4,864,616	30,682	963,806
24,476,585	218,090	2,127,313
52,340,651	-	25,921,513
450,730	-	154,504
31,840,878	-	2,658,482
22,375,188	-	2,531
77,035,965	-	9,193,800
5,069,475	-	17,858
5,151,838	-	2,415,071
-	-	-
-	-	-
1,638,751	-	2
<u>650,048,807</u>	<u>445,130</u>	<u>76,450,282</u>
87,613,636	-	253,470
<u>737,662,443</u>	<u>\$ 445,130</u>	<u>\$ 75,163,749</u>
<u>\$ 75,608,879</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, 2020**

Debt Service Fund				
	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ -	\$ 712,940	\$ 712,940	\$ -
Total Revenues	<u>-</u>	<u>712,940</u>	<u>712,940</u>	<u>-</u>
EXPENDITURES				
Debt Service	<u>82,790,288</u>	<u>107,561,065</u>	<u>107,561,065</u>	<u>-</u>
Total Expenditures	<u>82,790,288</u>	<u>107,561,065</u>	<u>107,561,065</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>(82,790,288)</u>	<u>(106,848,125)</u>	<u>(106,848,125)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources:				
Refunding Bonds Issued	-	25,920,777	25,920,777	-
Transfers In	82,790,288	81,640,288	81,640,288	-
Uses:				
Transfers Out	<u>-</u>	<u>(712,940)</u>	<u>(712,940)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>82,790,288</u>	<u>106,848,125</u>	<u>106,848,125</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance -- Beginning of Year			<u>-</u>	
Fund Balance -- End of Year			<u>\$ -</u>	

**ROCHESTER CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Ordinance Number	Project Title	Appropriated & Issued	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
17-061	Facility Capital Improvements	\$ 15,625,000	\$ 14,855,709	\$ 316,161	\$ 453,130
17-381	Facility Capital Improvements	20,375,000	13,375,000	5,969,284	1,030,716
	Facility Capital Improvements	13,000,000	-	13,000,000	-
	Smart Schools Bond Act	25,640,767	24,069,328	1,658,049	(86,610)
	Accrued Capital Improvements	-	3,417,417	(16,591)	(3,400,826)
	Cash - Capital Improvements	17,798,633	-	3,831,189	13,967,444
	Totals	\$ 92,439,400	\$ 55,717,454	\$ 24,758,092	\$ 11,963,854

INTERNAL CONTROL AND COMPLIANCE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rochester City School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the 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

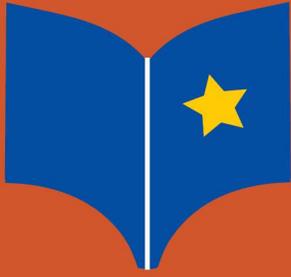
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 20, 2020



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 94-100) – 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 101-104) – These schedules contain information to help the reader assess the District's most significant local revenue sources.
- ◆ Debt Capacity (Page 105-109) – 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 110-111) – 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 112-116) – 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 224,868,075	\$ 226,080,564	\$ 231,321,889	\$ 226,882,367	\$ 220,389,578
Restricted for Capital Expenditures	-	-	-	47,508,944	60,270,989
Restricted for Debt Service	-	-	4,735,764	655,408	320,406
Restricted for Revolving Loan Program	-	-	-	-	-
Unrestricted (Deficit)	<u>(133,132,558)</u>	<u>(142,832,981)</u>	<u>(175,570,496)</u>	<u>(229,176,646)</u>	<u>(192,505,073)</u>
Total governmental activities net position	<u>\$ 91,735,517</u>	<u>\$ 83,247,583</u>	<u>\$ 60,487,157</u>	<u>\$ 45,870,073</u>	<u>\$ 88,475,900</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities					
Net investment in capital assets	\$ 218,698,255	\$ 223,450,428	\$ 265,896,655	\$ 195,268,096	\$ 187,608,632
Restricted for Capital Expenditures	13,069,585	-	-	92,231,024	49,682,764
Restricted for Debt Service	8,162,364	5,573,029	8,416,554	15,699,855	11,916,263
Restricted for Revolving Loan Program	-	100,024	100,000	100,000	100,000
Unrestricted (Deficit)	<u>(134,530,235)</u>	<u>(150,528,156)</u>	<u>(770,515,499)</u>	<u>(887,024,790)</u>	<u>(873,184,841)</u>
Total governmental activities net position	<u>\$ 105,399,969</u>	<u>\$ 78,595,325</u>	<u>\$ (496,102,290)</u>	<u>\$ (583,725,815)</u>	<u>\$ (623,877,182)</u>

Note: Restrictions not reported for fiscal 2011-12 and prior. 2017 Restated for GASB 75 implementation for 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
General Support:				
Board of Education	\$ 845,542	\$ 937,364	\$ 804,532	\$ 968,455
Chief School Administrator	2,935,381	823,745	1,018,962	1,183,391
Finance	6,446,125	5,624,636	5,957,755	7,449,533
Staff	7,813,587	6,337,641	6,016,143	6,959,452
Central Services	74,794,471	71,636,605	74,430,768	81,900,706
Other	5,533,657	6,461,292	8,665,885	8,255,958
Total General Support	<u>98,368,763</u>	<u>91,821,283</u>	<u>96,894,045</u>	<u>106,717,495</u>
Instruction:				
Administration and Improvement	76,115,320	66,516,877	73,712,391	70,286,652
Teaching	444,285,066	422,176,283	434,230,713	416,521,090
Instructional Media	12,127,840	9,361,416	9,222,737	8,688,549
Pupil Services	32,369,551	36,379,149	36,650,565	36,102,054
Total Instruction	<u>564,897,777</u>	<u>534,433,725</u>	<u>553,816,406</u>	<u>531,598,345</u>
Pupil Transportation	60,056,572	59,602,833	65,325,728	68,990,845
Community Services	7,143,070	3,642,674	2,604,672	3,036,392
Interest on Long-Term Debt	8,283,576	7,502,523	12,532,896	17,598,994
Total Expenses	<u>738,749,758</u>	<u>697,003,038</u>	<u>731,173,747</u>	<u>727,942,071</u>
Program Revenues				
Charges for Services:				
Central Services	784,618	954,589	771,124	108,583
Teaching	1,279,395	1,539,574	1,408,777	1,605,929
Operating Grants and Contributions	107,490,316	103,192,159	101,980,675	107,816,885
Total Program Revenues	<u>109,554,329</u>	<u>105,686,322</u>	<u>104,160,576</u>	<u>109,531,397</u>
Net (Expense)/Revenue	<u>(629,195,429)</u>	<u>(591,316,716)</u>	<u>(627,013,171)</u>	<u>(618,410,674)</u>
General Revenues and Other Changes in Net Position				
Intergovernmental (Unrestricted)	119,100,000	119,100,000	119,100,000	119,100,000
Use of Money & Property	560,906	635,161	283,477	259,181
State & Federal Aid	381,842,297	396,973,771	413,568,396	454,984,197
Lottery Aid	63,411,761	59,355,281	63,012,095	66,698,736
Miscellaneous	7,206,095	6,764,569	8,288,777	6,395,864
Total General Revenues and Other Changes in Net Position	<u>572,121,059</u>	<u>582,828,782</u>	<u>604,252,745</u>	<u>647,437,978</u>
Change in Net Position	<u>\$ (57,074,370)</u>	<u>\$ (8,487,934)</u>	<u>\$ (22,760,426)</u>	<u>\$ 29,027,304</u>

	2015	2016	2017	2018	2019	2020
\$	811,972	\$ 1,184,391	\$ 826,611	\$ 774,805	\$ 1,267,641	\$ 871,620
	947,164	2,509,063	1,254,537	998,319	917,981	1,569,372
	6,165,866	7,418,291	7,166,275	6,916,873	7,239,192	8,199,775
	5,948,881	7,755,959	8,664,357	8,850,997	9,925,017	9,355,374
	77,142,220	82,909,676	84,582,223	78,707,382	87,854,145	84,615,112
	4,951,793	4,814,857	5,578,543	8,450,919	9,106,906	8,347,142
	<u>95,967,896</u>	<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>
	74,179,100	67,388,814	74,173,631	74,114,750	78,990,929	78,967,576
	462,945,545	477,002,393	534,213,686	554,886,851	625,792,535	612,343,345
	9,922,632	9,349,425	10,075,991	9,907,240	10,110,572	11,687,902
	40,050,199	40,769,018	46,122,793	46,822,107	46,309,779	46,826,962
	<u>587,097,476</u>	<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>
	70,433,794	77,363,591	80,517,980	80,333,612	86,833,529	62,337,608
	3,419,962	3,124,667	2,496,464	2,856,383	2,917,748	3,438,494
	17,931,983	18,814,372	18,286,259	22,575,674	31,166,652	32,243,842
	<u>774,851,111</u>	<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>
	135,478	276,366	302,180	365,684	879,454	39,744
	1,593,999	1,962,993	2,237,536	2,265,157	2,474,936	2,025,022
	109,228,469	113,987,817	118,232,454	122,652,688	113,264,664	116,401,761
	<u>110,957,946</u>	<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>(663,893,165)</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>
	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
	682,214	753,878	969,347	1,893,078	7,447,701	1,696,770
	462,719,362	497,713,112	527,620,451	571,846,027	586,763,799	591,703,124
	69,627,693	68,357,659	70,014,974	70,618,330	68,261,177	80,330,360
	10,725,335	15,176,761	8,677,764	6,899,669	12,617,370	9,355,976
	<u>662,854,604</u>	<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>(1,038,561)</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>

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

(continued next page)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nondisposable	\$ 4,405,058	\$ 6,589,163	\$ 5,408,822	\$ 9,015,204
Restricted	-	-	4,735,764	655,408
Committed	-	32,588,485	32,588,485	32,588,485
Assigned	40,728,264	21,995,142	21,357,946	20,309,554
Unassigned	26,557,687	19,188,648	19,342,801	14,571,175
Total General Fund	<u>\$ 71,691,009</u>	<u>\$ 80,361,438</u>	<u>\$ 83,433,818</u>	<u>\$ 77,139,826</u>
All Other Governmental Funds				
Nondisposable	\$ 99,138	\$ 311,363	\$ 328,690	\$ 324,307
Restricted	-	-	-	47,508,944
Committed	871,767	118,409,508	180,847,158	1,126,667
Assigned	-	-	-	-
Unassigned, Reported In:				
Capital Projects Fund	(258,865)	(9,227,636)	-	10,584,466
RJSCB Fund	-	-	-	-
Miscellaneous Special Revenue	(2,683,335)	-	-	-
Total All Other Governmental Funds	<u>\$ (1,971,295)</u>	<u>\$ 109,493,235</u>	<u>\$ 181,175,848</u>	<u>\$ 59,544,384</u>
Total All Governmental Funds	<u>\$ 69,719,714</u>	<u>\$ 189,854,673</u>	<u>\$ 264,609,666</u>	<u>\$ 136,684,210</u>

2015	2016	2017	2018	2019	2020
\$ 9,658,416	\$ 360,810	\$ 1,139,063	\$ 396,992	\$ 403,410	\$ 397,019
320,406	8,162,364	5,573,029	8,416,554	15,699,855	11,916,263
26,452,769	27,694,297	26,889,758	7,500,000	-	16,000,000
19,760,663	25,677,162	23,594,548	26,956,931	-	48,170,130
10,406,729	8,935,385	8,621,907	6,365,889	(8,916,640)	5,764,518
<u>\$ 66,598,983</u>	<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>
\$ 424,100	\$ 612,612	\$ 698,236	\$ 614,113	\$ 718,084	\$ 1,144,948
60,270,989	13,069,585	100,024	100,000	92,331,024	49,782,764
2,194,903	547,112	829,246	149,453	148,808	148,893
-	-	150,000	789,084	1,093,235	646,158
(5,664,911)	(1,938,251)	(19,204,786)	(30,253,254)	(4,275,024)	(25,886,146)
37,848	-	(27,896,351)	(10,304,861)	-	-
-	-	-	-	-	-
<u>\$ 57,262,929</u>	<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>\$ 123,861,912</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>

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

(continued next page)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 560,907	\$ 635,161	\$ 283,477	\$ 259,181
Intergovernmental	119,100,000	119,100,000	119,100,000	119,100,000
Other	10,777,116	12,165,277	10,880,816	11,635,498
State Sources	445,210,158	465,764,197	485,713,741	530,317,736
Federal Sources	104,692,597	89,528,198	91,398,802	94,495,300
Surplus Food	932,137	1,018,851	942,062	1,078,482
Sales	402,473	303,420	94,423	83,178
Total Revenues	<u>681,675,388</u>	<u>688,515,104</u>	<u>708,413,321</u>	<u>756,969,375</u>
Expenditures				
General Support:				
Staff	7,179,406	6,260,911	5,906,382	5,945,247
Central Services	47,243,300	46,538,877	48,276,855	50,247,733
Other	24,116,618	23,116,314	26,068,647	27,484,179
Instructional:				
Teaching - Regular School	236,502,568	235,738,366	244,680,729	254,351,913
Special Apportionment Programs	136,643,687	135,977,745	139,182,252	143,521,920
Other	131,741,908	129,632,899	136,515,099	146,998,875
Pupil Transportation	54,614,418	58,064,582	63,362,758	66,443,629
Community Services	6,844,001	3,479,242	2,446,372	2,882,036
Cost of Sales	7,454,503	7,930,286	8,861,406	7,994,917
Debt Service:				
Principal	18,385,022	18,127,741	33,554,888	22,556,679
Interest	8,984,972	7,190,572	13,921,980	17,332,137
Bond Issuance Costs	-	-	2,091,497	-
Capital Outlay	22,679,746	31,277,855	102,472,252	139,640,040
Total Expenditures	<u>702,390,149</u>	<u>703,335,390</u>	<u>827,341,117</u>	<u>885,399,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,714,761)	(14,820,286)	(118,927,796)	(128,429,930)
Other Financing Sources (Uses)				
Bonds Issued	-	-	738,164	504,474
Refunding Bonds Issued	-	-	37,785,000	-
Premium - Refunding Bonds	-	-	3,309,791	-
Premium - BAN and Bond Issuance	-	-	20,780,819	-
Payment to Escrow Agent	-	-	(22,730,000)	-
Long-term Debt	1,634,393	134,955,245	153,799,015	-
Transfers In	33,153,924	37,096,372	46,564,991	54,001,937
Transfers Out	(33,153,924)	(37,096,372)	(46,564,991)	(54,001,937)
Total Other Financing Sources (Uses)	<u>1,634,393</u>	<u>134,955,245</u>	<u>193,682,789</u>	<u>504,474</u>
Net Change in Fund Balances	<u>\$ (19,080,368)</u>	<u>\$ 120,134,959</u>	<u>\$ 74,754,993</u>	<u>\$ (127,925,456)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.03%	3.77%	6.55%	5.35%

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 682,214	\$ 3,001,530	\$ 969,347	\$ 1,893,078	\$ 7,447,701	\$ 1,696,770
119,101,443	119,142,222	119,957,026	119,127,776	119,100,000	119,100,000
13,360,146	15,710,271	12,987,995	12,886,954	19,785,919	16,289,086
550,167,576	592,465,795	636,475,355	681,545,444	688,376,654	739,793,890
86,754,441	82,818,077	74,434,777	78,298,546	73,905,397	77,111,443
1,128,449	1,415,119	1,536,902	1,095,171	1,408,898	987,004
83,509	132,022	126,639	126,997	117,866	7,897
<u>771,277,778</u>	<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>
6,074,754	7,472,227	8,066,322	9,137,095	9,320,672	7,655,378
49,268,550	50,836,398	49,530,175	51,067,583	52,927,205	48,063,032
24,917,805	26,080,581	26,837,116	28,764,006	28,326,791	27,843,165
260,566,367	273,448,551	286,448,066	308,072,512	326,787,670	303,486,976
146,005,189	150,269,672	156,256,759	160,070,812	180,867,460	170,812,907
162,786,514	159,549,959	168,260,414	172,478,037	172,067,316	161,915,560
68,165,552	73,763,974	76,580,595	81,216,295	81,698,163	57,192,516
3,293,117	3,015,541	2,388,263	2,762,393	2,775,157	3,309,737
8,521,647	11,651,513	10,122,887	10,016,753	9,964,024	7,387,502
30,410,967	33,662,091	40,565,877	37,650,976	39,587,735	77,012,706
17,630,531	18,905,423	18,437,402	21,473,074	29,983,779	32,141,362
-	-	109,618	2,073,684	2,850,428	1,069,965
59,866,645	66,769,942	69,871,162	170,925,182	161,923,063	127,381,850
<u>837,507,638</u>	<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>
(66,229,860)	(60,740,836)	(66,986,615)	(160,734,436)	(188,937,028)	(70,286,566)
53,407,562	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	-
-	-	(15,665,000)	-	-	-
-	-	-	-	-	-
59,105,658	59,889,534	63,298,269	75,871,517	95,316,599	88,417,771
<u>(59,105,658)</u>	<u>(59,889,534)</u>	<u>(63,298,269)</u>	<u>(72,946,517)</u>	<u>(95,316,599)</u>	<u>(88,417,771)</u>
<u>53,407,562</u>	<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>\$ (12,822,298)</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>
6.18%	6.50%	6.99%	6.68%	7.42%	12.16%

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

Fiscal Year	Assessed Value	Real Property - Total Direct Tax Rate per \$1,000 ¹		Estimated Actual Value	Assessed Value as a Percentage of Actual Value ²	Total Direct Rate Applied to Base
		Homestead	Non-Homestead			
2011	\$ 5,779,908	\$19.50	\$42.23	\$ 5,802,907	99.60%	2.86%
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%

Source: City Assessors' Office

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

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

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

Fiscal Year Ended June 30	Class ¹	City of Rochester ²			Monroe County ³	Total Direct & Overlapping Rate
		School Purposes	General Municipal Purposes	Total Direct Rate	Overlapping Rate	
2011	Homestead	14.11	5.39	19.50	9.16	28.66
	Non-Homestead	30.69	11.54	42.23	9.16	51.39
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

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

² Information provided by the City Assessor.

³ Information provided by the Monroe County Treasury.

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

	2020			2011		
	Taxable Value ¹	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Value ²	Rank	Percentage of Total Taxable Assessed Value ²
Rochester Gas and Electric	\$ 870,834	1	13.49%	\$ 658,093	1	11.49%
Buckingham Properties	98,073	2	1.52	33,651	4	0.59
Frontier Telephone Corporation	59,402	3	0.92	70,839	3	1.24
Eastman Kodak Company	54,281	4	0.84	73,873	2	1.29
CSX	26,976	5	0.42	20,897	5	0.36
Clinton Asset Holding	25,000	6	0.39	-	-	-
Maguire Family Properties	21,780	7	0.34	19,484	6	0.34
Anthony Dimarzo	16,578	8	0.26	-	-	-
DHD Ventures	16,065	9	0.25	-	-	-
Harris Corporation	10,535	10	0.16	-	-	-
JP Morgan/Chase	-	-	-	18,599	7	0.32
NK-TCC Property LLC	-	-	-	16,296	8	0.28
Farash, Jalyynn Brighton Development	-	-	-	15,998	9	0.28
Landsman Development	-	-	-	15,146	10	0.26
Totals	<u>\$ 1,199,524</u>		<u>18.58%</u>	<u>\$ 942,876</u>		<u>16.46%</u>

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

¹ The total taxable assessed value of \$6,457,508,260 was used for fiscal year 2019-20 taxes.

² The total taxable assessed value of \$5,729,224,760 was used for fiscal year 2010-11 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			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount (2)	Percentage of Levy	
2011	\$ 201,211	\$ 185,325	92.10%	\$ 9,372	\$ 194,697	96.76%	
2012	205,558	189,505	92.19	9,952	199,457	97.03	
2013	206,013	190,291	92.37	11,573	201,864	97.97	
2014	206,188	191,616	92.93	11,256	202,872	98.36	
2015	213,694	198,289	92.79	11,718	210,007	98.20	
2016	213,823	198,982	93.06	11,098	210,080	98.11	
2017	217,466	203,176	93.43	11,617	214,793	98.62	
2018	219,298	205,190	93.57	11,592	216,782	97.87	
2019	224,642	209,139	93.10	7,830	216,969	93.10	
2020	224,736	208,397	92.73	N/A	208,397	92.73	

Source: City of Rochester, Department of Finance.

Notes:

- (1) Tax exempt properties with an assessed value of \$728,860,850 made payments in lieu of taxes amounting to \$14,093,310 for the fiscal year ending June 30, 2020. If these properties had been fully taxable, total revenues would have increased by \$13,523,234. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.

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

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

Fiscal Year	General Obligation Bonds	School Facility Revenue Bonds	Bond Premiums	Special Program & School Purpose Revenue Bonds	Installment Purchase Contracts	Total	Percentage of Personal Income ¹	Per Capita ²
2010-11	\$ 152,489,769	\$ -	\$ -	\$ 2,821,052	\$ 15,035,509	\$ 170,346,330	0.52%	809
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	3,528

¹ Personal Income figures from US Dept of Commerce Bureau of Economic Analysis, www.bea.gov. 2018 data (most recent available) used for 2020.

² Population estimates from US Census Bureau for July 1 of each year. Population for 2019 used for 2020.

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

Fiscal Year	Total General Obligation Debt - District	Total General Obligation Debt - FMP	Premiums	Less: Amounts Available for Debt	Total - Net Bonded Debt	Percentage of Assessed Value of Property	Per Capita¹
2010-11	\$ 152,489,769	\$ -	\$ -	\$ -	\$ 152,489,769	2.64%	\$ 724
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

¹ Population estimates from US Census Bureau for July 1 of each year. Population for 2019 used for 2020.

**ROCHESTER CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2020**

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct Debt:			
Rochester City School District	\$ 725,599,517	100.00%	\$ 725,599,517
Sub Total - Direct Debt	<u>725,599,517</u>		<u>725,599,517</u>
Overlapping Debt:			
City of Rochester	73,394,808	100.00%	73,394,808
County of Monroe	<u>469,125,000</u>	15.20%	<u>71,307,000</u>
Sub Total - Overlapping Debt	<u>542,519,808</u>		<u>144,701,808</u>
Total Direct and Overlapping Debt:	<u>\$ 1,268,119,325</u>		<u>\$ 870,301,325</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 (15.20%) was set by the Monroe County Department of Finance and is based on the ratio of the City of Rochester's full valuation of real property to the total Monroe County full valuation of real property.

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of the Debt Limit
2010-11	\$ 206,453,503	\$ 177,809,769	\$ 28,643,734	13.87%
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

Legal Debt Margin Calculation for Fiscal Year 2019-20

Five-year average full valuation	\$ 7,116,962,340
9% of five-year average full valuation	640,526,611
Indebtedness	
Borrowings -- RCSD Bonds	\$ 106,350,777
Borrowings -- RCSD BANs	37,850,000
	<u>144,200,777</u>
Net Indebtedness	
Debt Limit (3.5%/9% of five-year average full valuation) ¹	<u>249,093,682</u>
Debt Contracting Margin ²	<u>\$ 104,892,905</u>

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

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

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

Fiscal Year	Special School Purpose Revenue Bond¹			
	Revenue	Principal	Interest	Coverage
2010-11	\$ 1,321,012	\$ 1,321,012	\$ 130,020	0.91
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	-	-	-	-

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

**ROCHESTER CITY SCHOOL DISTRICT
DEMOGRAPHIC ECONOMIC STATISTICS – MONROE COUNTY
LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Personal Income ² (000s)	Per Capita Personal Income ²	Unemployment Rate ³
2010-11	746,751	\$ 32,728,163	\$ 43,827	7.7%
2011-12	747,344	34,478,067	46,134	7.9
2012-13	748,290	36,102,780	48,247	7.0
2013-14	747,364	34,438,705	46,080	5.8
2014-15	745,577	35,970,644	47,986	5.1
2015-16	743,770	36,057,927	48,223	4.7
2016-17	742,724	38,050,420	50,894	4.9
2017-18	742,864	39,314,982	52,951	4.3
2018-19	741,770	N/A	N/A	4.1
2019-20	N/A	N/A	N/A	9.2

¹ Population estimates from US Census Bureau for July 1 of each year. Data for 2020 not available.

² US Department of Commerce, Bureau of Economic Analysis. Data for 2019 and 2020 not available.

³ Source: NYS Dept of Labor, www.labor.state.ny.gov. Average rate for 2020 based on monthly rates through August.

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

Employer	2020			2011		
	Total Local Employees ¹	Rank	Percentage of Total Employment ²	Total Local Employees ¹	Rank	Percentage of Total Employment ²
University of Rochester/Strong	31,802	1	5.63%	19,596	1	3.41%
Rochester Regional Health System	16,290	2	2.89%	7,136	4	1.24%
Wegmans Food Markets Inc.	13,053	3	2.31%	13,752	2	2.40%
Paychex Inc.	4,755	4	0.84%	3,431	8	0.60%
Rochester Institute of Technology	4,177	5	0.74%	3,168	9	0.55%
L3Harris Technologies Inc.	3,500	6	0.62%	2,300	10	0.40%
Lifetime Healthcare Companies Inc.	3,271	7	0.58%	3,473	7	0.61%
Xerox Corporation	3,000	8	0.53%	7,014	5	1.22%
Angels In Your Home	2,216	9	0.39%	-	-	
YMCA of Greater Rochester	2,147	10	0.38%	-	-	
Eastman Kodak Company	-			7,400	3	1.29%
Unity Health System	-			5,229	6	0.91%

¹ Source: Rochester Business Journal - Book of Lists

Employer data in the RBJ "Book of Lists - 2020 Edition" are only current through 2019 and are the most recent data available at the time of this report. In prior years, a weekly RBJ publication containing employer data through the end of the reporting fiscal year was available to RCSD. Due to the lack of such a weekly publication in June 2020, the above figures remain unchanged from the 2019 CAFR.

² Employment source: www.labor.state.ny.us employment data as of June 2019

Includes Monroe, Genesee, Livingston, Ontario, Orleans, Seneca, Wayne, Wyoming and Yates Counties

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

	2010-11	2011-12	2012-13	2013-14	2014-15
General Support:					
Board of Education	8	8	10	11	13
Chief School Administrator	13	6	5	4	4
Finance	52	49	52	51	55
Staff	36	39	41	42	47
Central Services	568	555	589	605	707
Total General Support	677	657	697	713	826
Instruction:					
Administration and Improvement	626	586	577	576	585
Teaching	3,737	3,483	3,527	3,375	3,615
Instructional Media	63	61	64	73	72
Pupil Services	238	313	334	318	351
Pupil Transportation	114	106	121	125	113
Community Services	110	38	35	31	47
Unclassified	14	12	10	10	9
Total Instruction	4,902	4,599	4,668	4,508	4,792
Total	5,579	5,256	5,365	5,221	5,618
2015-16					
General Support:					
Board of Education	12	11	11	11	11
Chief School Administrator	4	6	5	4	4
Finance	62	59	59	58	53
Staff	48	49	49	50	49
Central Services	701	708	708	734	710
Total General Support	827	833	832	857	827
Instruction:					
Administration and Improvement	598	601	634	626	577
Teaching	3,718	3,963	4,185	4,436	3,998
Instructional Media	83	87	86	80	72
Pupil Services	346	372	412	387	356
Pupil Transportation	133	134	135	135	135
Community Services	22	19	17	17	32
Unclassified	13	13	14	14	14
Total Instruction	4,913	5,189	5,483	5,695	5,184
Total	5,740	6,022	6,315	6,552	6,011

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

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

Fiscal Year	K - 12 Enrollment¹	Government-Wide Expenses	Cost Per Pupil	Percentage Change from Prior Year	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals¹
2010-11	31,256	\$ 738,749,758	\$ 23,635	2.1%	3,737	8.4	88.4%
2011-12	30,693	697,003,038	22,709	-3.9	3,483	8.8	82.1
2012-13	29,523	731,173,747	24,766	9.1	3,527	8.4	100.0 ²
2013-14	29,103	771,586,459	26,512	7.1	3,375	8.6	100.0 ²
2014-15	28,401	774,851,111	27,283	2.9	3,615	7.9	100.0 ²
2015-16	27,745	800,404,517	28,849	5.7	3,718	7.5	100.0 ²
2016-17	26,976	873,959,350	32,398	12.3	3,963	6.8	100.0 ²
2017-18	26,155	896,195,912	34,265	5.8	4,185	6.2	100.0 ²
2018-19	25,742	998,432,626	38,786	13.2	4,436	5.8	100.0 ²
2019-20	25,109	960,804,124	38,265	-1.3	3,998	6.3	100.0 ²

¹Source: RCSD CIP, May 2020

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

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

Fiscal Year	K-12 Enrollment	School Buildings¹	Teaching Staff	Administrative Personnel²	Instructional Support³	State Aid Received (Millions)⁴
2010-11	31,256	52	3,737	677	1,165	\$445
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

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

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

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

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

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

(continued next page)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<u>Schools</u>					
Elementary					
Buildings ^a	38	38	38	38	38
Square Feet ^b	2,953,692	2,953,692	3,209,513	3,220,760	3,220,760
Capacity ^c	21,324	21,324	20,733	20,883	21,215
Enrollment K-8	17,152	16,949	16,679	16,672	16,328
Enrollment PreK ^d	-	950	944	935	974
Secondary					
Buildings ^a	14	14	14	14	14
Square Feet ^b	2,475,222	3,475,222	3,433,212	3,439,476	3,439,576
Capacity ^c	15,775	15,775	14,888	14,888	16,660
Enrollment 9-12	14,104	13,744	12,844	12,431	12,073
Other					
Buildings ^e	2	2	2	1	1
Square Feet ^f	204,232	200,560	200,560	129,389	129,389
<u>Administrative</u>					
Buildings ^g	4	4	3	3	3
Square Feet	401,750	401,750	261,598	261,598	261,598
<u>Transportation</u>					
Garages/Maintenance (sq. ft.) ^h	-	-	-	-	-
Buses	88	86	86	90	90
<u>Athletics</u>					
Football Fields	7	7	7	7	7
Soccer Fields	9	9	9	9	9
Running Tracks	8	8	8	8	8
Baseball/Softball	22	22	22	22	22
Swimming Pools	13	13	13	13	13
Playgrounds	36	36	36	36	36

Source: RCSD Facilities Department Records

Note: All footnotes apply to the data provided for 2019-20

^a The District facility portfolio includes buildings with differing grade configurations (PreK-6, PreK-8, K-12, 6-12, 7-12 or 9-12). Buildings containing both elementary and secondary students are classified in either elementary or secondary based on primary purpose. Includes leased facilities in addition to District-owned.

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

^c Capacity indicates the maximum number of students that a school can accommodate given current educational

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

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

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

^g Facilities are Central Office, Service Center, Nassau Street warehouse and 283 West Ridge Road. Includes leased spaces.

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

2015-16	2016-17	2017-18	2018-19	2019-20
37	36	36	36	36
3,098,432	2,889,690	2,889,690	2,970,244	2,970,244
20,249	19,851	21,082	21,386	21,386
15,867	17,950	18,473	18,052	17,581
945	1,211	1,373	1,187	1,266
14	14	15	15	15
3,439,576	3,439,576	3,461,704	3,480,012	3,480,012
16,660	16,660	14,377	14,492	14,492
11,878	9,977	7,682	7,690	7,528
1	1	1	1	1
129,389	129,389	186,917	206,045	180,917
3	3	4	4	4
261,598	261,598	285,598	285,598	285,598
-	-	-	-	-
91	91	91	92	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	36	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, 2020 and 2019, 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, 2020 and 2019, 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
November 20, 2020

**ROCHESTER CITY SCHOOL DISTRICT
ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS
STUDENT ACTIVITY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2020**

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Assets		
Cash:		
Elementary Schools	\$ 37,299	\$ 28,050
Secondary Schools	<u>112,890</u>	<u>115,652</u>
Total Assets	<u>\$ 150,189</u>	<u>\$ 143,702</u>
Liabilities		
Student Deposits:		
Elementary Schools	\$ 37,299	\$ 28,050
Secondary Schools	<u>112,890</u>	<u>115,652</u>
Total Liabilities	<u>\$ 150,189</u>	<u>\$ 143,702</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, 2019 AND 2020**

	June 30, 2019	June 30, 2020
Receipts		
Elementary Schools	\$ 39,827	\$ 12,996
Secondary Schools	266,493	226,312
Total Receipts	306,320	239,308
 Disbursements		
Elementary Schools	34,192	22,245
Secondary Schools	261,141	223,550
Total Disbursements	295,333	245,795
Excess of Receipts over Disbursements	10,987	(6,487)
Cash -- Beginning of Year	139,202	150,189
 Cash -- End of Year	\$ 150,189	\$ 143,702

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, 2020**

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). Consequently, such transactions are included in the basic financial statements of the District only to the extent that cash and a corresponding liability are recorded in the Agency fund in the District’s Statement of Fiduciary Net Position at June 30, 2020.

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



2020

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