

2018

CAAFR



**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, 2018*





# **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, 2018**

Prepared by:

**Department of Accounting**

**Rochester City School District  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

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# INTRODUCTION





## **Rochester City School District**

Superintendent of Schools  
Barbara Deane-Williams

December 20, 2018

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, 2018. 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, 2018. 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 2017-18 school year, the District reported the following enrollments: 3,593 pre-kindergarten (Pre-K), 14,970 elementary (K-6) and 11,185 secondary (7-12), for a total of 29,748 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 \$77.5 million for 5,631 students were made from the District's General operating fund during the 2017-18 fiscal year. There were 14 Charter schools that received payments during the 2017-18 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 the restructuring of persistently struggling, low-performing schools. As of June 30, 2018, the District continues to support two schools that have been identified by the NYSED as "Persistently Struggling", James Monroe High School and Dr. Martin Luther King Jr. Elementary School #9, as well as five other schools that have been identified by the State as "Struggling": Nathaniel Rochester Community School #3, Roberto Clemente School #8, Enrico Fermi School #17, Mary McLeod Bethune School #45 and Northeast High School. One school, Kodak Park #41, failed to make Demonstrable Improvement by the Commissioner, and RCSD made a decision to close the school at the end of the 2017-18 school year. The school reopened in the fall of 2018 as the RISE Community School. Turnaround efforts for these 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.

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 2017-18 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 balanced budget was submitted and approved by the Mayor and City Council for the fiscal year beginning on July 1, 2017 and ending on June 30, 2018.

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 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 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<sup>1,2</sup>**

The economy of the Rochester metropolitan area has historically been largely high-tech industrial. International optics and imaging industry leaders Eastman Kodak, Bausch & Lomb, and Xerox drove the City's growth through the 1980s. However, the significant downsizing of Kodak over the past 30 years and the reduction of the other two companies' presence in the City have created extraordinary economic challenges since that time. Nonetheless, this industrial legacy has created opportunities for new businesses spurred by the skilled workforce and the region's physical infrastructure. The Eastman Business Park (formerly Kodak Park) is home to numerous product development and manufacturing companies employing thousands of people. Rochester ranks 13<sup>th</sup> among metropolitan regions nationwide for the number of patents issued per million residents, with the largest subcategory of patents granted for optics research.

Overall, manufacturing has declined and that trend is expected to continue. Nevertheless, manufacturing employment is still a substantial source of jobs in the region, and pays relatively high wages. In 2017, the Governor announced the Luminare NY, a business competition awarding funds to 10 to 15 start-up businesses in the photonics industry in the Rochester area. Additionally, the U.S. Department of Defense chose Rochester as the site of the American Institute for Manufacturing Integrated Photonics, and is constructing a facility in Rochester's Eastman Business Park, which is expected to be completed this year. The manufacturing sector also includes many other industries such as the food-manufacturing sector, especially wineries and breweries, which has added many jobs to the area.

Rochester is trending slightly above the national unemployment rate averages, but slightly below the State rates. The unemployment rate (not seasonally adjusted) for the Rochester area as of June 2018 was 4.3%, down from 4.8% in June 2017. The national average rate for June 2018 is 4.0%, down from 4.4% a year earlier and the State average for the same period is 4.5%, the same as one year earlier.

### **Projected Enrollment**

The District's PreK-12 projected enrollment of 29,210 for fiscal year 2018-19 represents a 1.8% decrease as compared to the enrollment of 29,748 for fiscal year 2017-18. 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 five years from 29,210 students enrolled in fiscal 2018-19 to a projected 28,541 students enrolled in fiscal 2022-23; an overall projected decrease of 2.3%, or 669 students over the next five years. This decline is expected to level off during years five through ten of the enrollment projection period.

Charter schools continue to be the primary factor in the continued decline in District enrollment. No new Charter schools are anticipated to open during the 2018-19 school year; however, three of the existing Charter schools will offer additional grade levels. This will contribute to the projected enrollment decrease of 453 students in 2018-19. As such, the District continues to struggle to align the impacts of declining enrollments with capacity requirements while maintaining minimum disruption to its local communities.

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#### Sources:

- 1 Office of the New York State Comptroller, Special Report: Finger Lakes Region Economic Profile, August 2017
- 2 Bureau of Labor Statistics, U.S. Department of Labor

**Age of School Buildings**

The District owns forty-eight school buildings with an average age of 71 years old. Twenty-three of these buildings have some portion that is more than 80 years old. Given the number and overall age of the buildings, there is a constant demand for building repair or upgrading.

<b>Age of School Building</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
20 to 39	3	3	6
40 to 59	14	2	16
60 to 79	2	1	3
80 and over	17	6	23
<b>Total</b>	<b>36</b>	<b>12</b>	<b>48</b>
<i>Oldest Building = 115; Average Age = 71</i>			
<i>Note: School Nos. 07, 16 and Monroe High School are temporarily closed for renovation but are included above.</i>			

The District does not have any buildings that have dangerous conditions; however, given the number and overall age of the buildings in the District’s inventory, the District continues to allocate enough resources to maintaining and modernizing its buildings on an ongoing basis. In accordance with the 5-year, state-mandated building conditions survey most recently completed in 2016, the District has a need of \$467 million for building improvements over the next five years, however, the current Capital Improvement Plan proposes an investment of only about \$136.7 million over the next five years, comprised of approximately \$86.7 million from borrowed funds and \$50 million from cash capital.

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 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.

As previously mentioned, the financing of the District's non-FMP capital projects occurs through either of two means: a direct appropriation of cash capital from the current operating budget or by borrowing funds through the issuance of notes and bonds. The procurement of equipment and expenditures for capital improvements with short-term life cycles are generally financed through the operating budget. Equipment and facility improvements with long-term life cycles are generally financed through borrowed funds.

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 for 2018-19 to 2022-23. Funds have been earmarked for continuing specific program initiatives such as:

- ◆ *Building-system improvements* – roof replacements, masonry repairs, window and door replacements, HVAC and plumbing upgrades, electrical systems, restroom renovations, site improvements and other general renovations at elementary and secondary schools.
- ◆ *Compliance issues* – handicapped accessibility, lead and asbestos abatement, and energy conservation.
- ◆ *Building security and fire alarm system upgrades* – migration of the District's CCTV security camera system from an analog environment to an internet protocol (IP) platform as well as the installation of network capable fire alarm control panels in all buildings.
- ◆ *Academic improvement initiatives* – address changes at transitional schools requiring grade-level changes, Pre-K additions and any other classroom modifications.
- ◆ *Athletic facility and field initiatives* – address needed upgrades or renovations to promote physical education and athletic competition.
- ◆ *City recreation center initiatives* – renovations at City recreation centers that the District utilizes for physical education.

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**

Rochester's students and families urgently need better educational outcomes. Though the Rochester City School District has achieved positive trends in standardized test scores and graduation rates, our results still rank below other Big Five districts in New York. Our challenge is to make success widespread and immediate. It is the mission of the District to provide a quality education that ensures that students graduate with the skills to be successful in a democratic society and global economy. With this in mind, the Superintendent has developed the 2018 Strategic Plan, a three-year framework, built on research, engagement, community feedback, and national best practices for urban districts. With this Strategic Plan, the District is now positioned to disrupt long-standing patterns of failure and accelerate student achievement by building a foundation based on four pillars:

*Pillar 1: Promote the well-being of the whole child, whole school, whole community –*

- ◆ Strong community schools, meaningful parent engagement and literacy for a lifetime
- ◆ Positive school climate, culture and relationships with children and families
- ◆ Safe supportive trauma responsive schools and classrooms
- ◆ Invitational and family-friendly schools

*Pillar 2: Ensure powerful learning for every student –*

- ◆ High quality, culturally, linguistically responsive and rigorous 21<sup>st</sup> century curriculum and instruction in all classrooms
- ◆ High quality professional development and coaching support for Central Office staff, principals and teachers
- ◆ Responsive, data informed, gap closing systems of teaching and learning and social-emotional interventions
- ◆ Strong, research-based preschool, parent engagement and expanded learning opportunities which include after-school and summer learning programs

*Pillar 3: Build capacity to ensure comprehensive school improvement –*

- ◆ Aggressive recruitment and early hiring of high quality and diverse District and school leaders, teachers and employees
- ◆ Redesigned student based allocation formula to ensure equity, transparency and flexibility
- ◆ Responsive and highly effective Central Office organized to support school improvement
- ◆ Well-designed coherent placement and programs to serve students with specialized needs

*Pillar 4: Cultivate understanding, collaboration, partnerships and advocacy for equity, justice and achievement for all –*

- ◆ Equity driven policies, goals and measures
- ◆ Student voice and agency in authentic district and school work
- ◆ Data dashboards for transparent and accountable decision making
- ◆ Community and parent partnership outcomes for every department, program and school

**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 2017-18 was \$321,627.

The District has hired an insurance broker in the Rochester, New York area to obtain insurance coverage for the District. This broker seeks insurance companies that provide comprehensive coverage at a cost acceptable to the District. The budgeting and accounting for the cost of insurance is under the supervision of the Chief Financial Officer.

**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**

For the past twenty-nine 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 Award is valid for a period of one year. It is our belief that our current CAFR continues to meet the requirements of the Certificate of Excellence Award, and we are submitting it to ASBO to determine its eligibility for another certificate.

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 for its CAFR for the fiscal year ended June 30, 2017. This was the twenty-eighth 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. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

Our appreciation goes first to the entire staff of the Department of Finance. The preparation of 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 would also like to thank the District's Board of Education, as well as many other administrators, teachers, and staff that have been involved in maintaining the discipline of the budgets and other financial plans for the various funds. We are grateful for their stewardship, which is critical to successful, diligent financial management and reporting. Finally, we 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,



Barbara Deane-Williams  
Superintendent of Schools



Everton Sewell  
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, 2017**

*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, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink that reads 'John D. Musso'.

John D. Musso, CAE  
Executive Director

# **List of Rochester City School District Officials As of June 30, 2018**

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

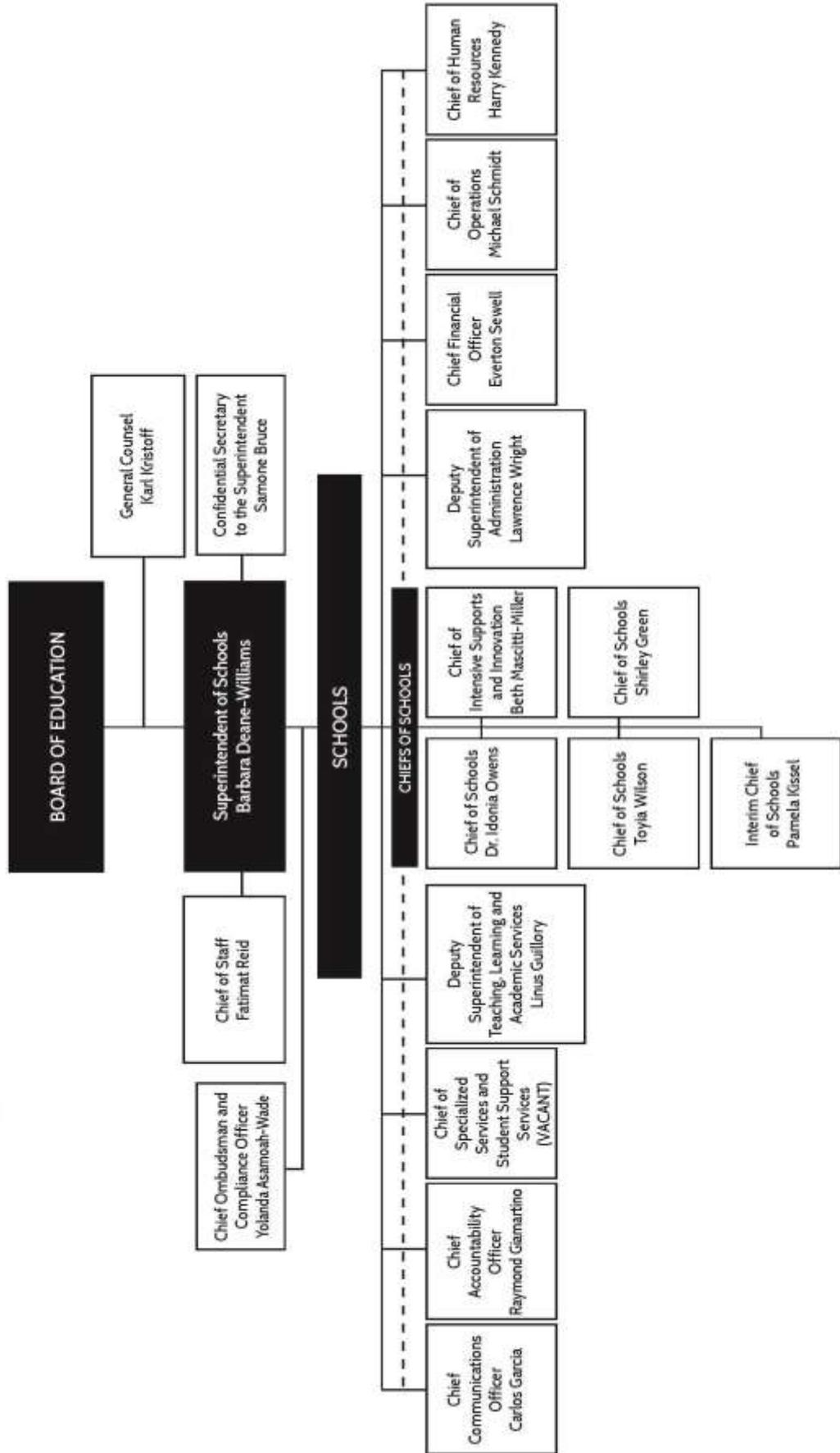
Van Henri White	President
Willa Powell	Vice President
Cynthia Elliott	Member
Melanie Funchess	Member
Elizabeth Hallmark	Member
Beatriz LeBron	Member
Natalie Sheppard	Member

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

Barbara Deane-Williams	Superintendent of Schools
Toyia Wilson	Chief of Schools
Carlos Garcia	Chief of Communications
Raymond Giamartino	Chief Accountability Officer
Shirley Green	Chief of Schools
Lawrence Wright	Deputy Superintendent of Administration
Harry Kennedy	Chief of Human Resources
Karl Kristoff	General Counsel
Linus Guillory	Deputy Superintendent for Teaching and Learning
Elizabeth Mascitti-Miller	Chief of Schools
Fatimat Reid	Chief of Staff
Pamela Kissel	Interim Chief of Schools
Michael Schmidt	Chief of Operations
Everton Sewell	Chief Financial Officer
Vacant	Chief of Special Education and Related Service



**Rochester City School District  
Organizational Chart - June 30, 2018**



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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, 2018, 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, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As stated in Note 1, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

## ***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; and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are 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, and the Schedule of Expenditures of Federal Awards are 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, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 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  
December 3, 2018

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

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, 2018. All amounts, unless otherwise indicated, are expressed in dollars.

**Financial Highlights**

- Due to the current year implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the District restated the beginning balance of its prior year government-wide financial statements. This resulted in an increased liability of \$574,142,336 on the prior year Statement of Net Position, as well as an increase of expenses on the prior year Statement of Activities of the same amount. As with all government entities, the implementation of GASB 75 will significantly impact the District’s net position in the current and future years.
- The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2018 by \$496,102,290; a decrease of \$555,279 in the current year.
- As of the close of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$10,730,901, a decrease of \$9,763,773 in the current year. The most significant factors other than the routine timing issues that stem from the issuance/non-issuance of bond funding to support the District’s ongoing Facilities Modernization and Capital Improvement Plans, are the continued rising costs associated with Charter Schools, employee contractual salary and benefit increases, and staffing increases.
- At the end of the current fiscal year, the unassigned portion of the fund balance for the General fund was \$6,365,889 or 0.8% of total budgeted General fund expenditures of \$778,585,229 for 2018-19.

**Overview of the Financial Statements**

Management’s discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. 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).

**ROCHESTER CITY SCHOOL DISTRICT  
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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, 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 46-72 of this report.

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**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 \$496,102,290 at the close of the most recent fiscal year.

A positive portion of the District's net position in the amount of \$265,896,655 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 \$770,515,499 reported at June 30, 2018 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 \$8,516,554 is reported on the balance sheet as restricted because its use is limited. Of this amount, \$8,416,554 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.

**Rochester City School District's Net Position**

<b>Governmental Activities</b>	<b><u>2016-17 (As Restated)</u></b>	<b><u>2017-18</u></b>
Current and other assets	\$ 198,135,684	\$ 217,125,157
Capital assets (net of accumulated depreciation)	620,869,049	736,395,981
<b>Total assets</b>	<b>819,004,733</b>	<b>953,521,138</b>
Deferred outflows	191,716,993	213,435,763
<b>Total deferred outflows of resources</b>	<b>191,716,993</b>	<b>213,435,763</b>
Long-term liabilities outstanding	1,315,131,292	1,405,825,188
Other liabilities	181,326,295	198,895,003
<b>Total liabilities</b>	<b>1,496,457,587</b>	<b>1,604,720,191</b>
Deferred pension inflow	9,811,150	58,339,000
<b>Total deferred inflows of resources</b>	<b>9,811,150</b>	<b>58,339,000</b>
Net investment in capital assets	223,450,428	265,896,655
Restricted	5,673,053	8,516,554
Unrestricted (Deficit)	(724,670,492)	(770,515,499)
<b>Total net position</b>	<b><u>\$ (495,547,011)</u></b>	<b><u>\$ (496,102,290)</u></b>

"Current and other assets" increased by approximately \$19.0 million during fiscal year 2017-18. The most significant factors contributing to this increase were the District's proportionate share of the TRS pension asset and increases in amounts due from other governments. The District reported a TRS pension asset of \$12.3 million as of June 30, 2018;

**ROCHESTER CITY SCHOOL DISTRICT  
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however, at the end of the previous fiscal year, a liability was reported instead. The remaining \$6.7 million increase in current and other assets is primarily due to increases in the amounts due the District at year-end for State aid and State and Federal grant reimbursements associated with the 2017-18 fiscal year, as compared to the prior year. Amounts due at the end of any given fiscal year from the State or Federal governments vary on a variety of factors from year-to-year such as the government's cash-flow, financial aid ratios and computations, and the timing of claim submissions.

“Capital assets (net of accumulated depreciation)” increased by approximately \$115.5 million during fiscal year 2017-18. \$149.9 million was spent on construction in progress (CIP) during fiscal 2017-18. \$123.7 million was for construction primarily on Phase II of the Facilities Modernization Program. The balance of \$26.2 million was associated with the District's own construction projects. In all, \$19.7 million of CIP value was placed in service during FY 2017-18 as asset additions. At year-end June 2018, a balance of \$200.7 million remains in CIP, a \$130.1 million increase over the prior year-end balance of \$70.6 million. The difference of \$34.4 million is attributable to changes in accumulated depreciation and asset retirements.

“Deferred outflows” increased by approximately \$21.7 million overall, as compared to the prior year. These amounts reflect the District's allocated portion of deferred outflows for the State pension plan, deferred outflows associated with OPEB and amortized premiums for bond refundings. These amounts will be amortized over time as expenses. The primary reason for the increase in deferred outflows was the implementation of GASB 75 during fiscal 2017-18, which resulted in deferred outflows of \$21.2 million for contributions subsequent to the actuarial measurement date associated with the District's retiree health insurance plan (OPEB). For additional information on accounting and financial reporting for pensions and OPEB, refer to Notes V.B. and V.C. of this report.

“Long-term liabilities outstanding” increased by approximately \$90.7 million overall, as compared to the prior year. This significant increase is primarily attributable to the issuance of the initial FMP Phase II bond funding in the amount of \$123.7 million. A premium of \$24.4 million was also recorded in association with this bond issue. In the prior year, no funding was issued for FMP construction costs. These significant bond issue increases were offset primarily by a \$38.7 million decrease in bond liabilities associated with amortized premiums and principal payments, a \$13.8 million reduction in the District's proportionate share of the ERS pension liability, a \$2.9 million decrease for payments on pension loans, as well as a net decrease of \$2.0 million in other contractual obligations and liabilities such as retainages payable, installment purchase principal, a lottery advance, compensated absences, claims payable and postemployment health insurance.

The \$17.6 million increase in “other liabilities” was primarily attributable to increases in accounts payable and accrued liabilities at June 30, 2018 for goods and services provided during fiscal 2017-18 but still owed to vendors, as compared to at June 30, 2017. The JSCB fund experienced a \$15.9 million increase due to a major increase in capital outlay spending as compared to the previous year, as the number of schools under major construction and renovation increased from two schools to six schools. The remaining increases were primarily due to delays in budget transfers necessary to fund the appropriate transportation and maintenance budgets at the fiscal year end so that an accumulation of invoices could be processed and paid.

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“Deferred pension inflows” increased by approximately \$48.5 million. Similar to pension outflows, 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 \$770,515,499 reported at the end of fiscal year 2017-18 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:

<u>Governmental Activities</u>	<u>2016-17 (As Restated)</u>	<u>2017-18</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,539,716	\$ 2,630,841
Operating grants and contributions	118,232,454	122,652,688
General revenues:		
State & federal aid	527,620,451	571,846,027
Intergovernmental	119,100,000	119,100,000
Lottery aid	70,014,974	70,618,330
Other	9,647,111	8,792,747
<b>Total Revenues</b>	<u>847,154,706</u>	<u>895,640,633</u>
<b>Expenses</b>		
General support:		
Board of Education	826,611	774,805
Chief school administrator	1,254,537	998,319
Finance	7,166,275	6,916,873
Staff	8,664,357	8,850,997
Central Services	84,582,223	78,707,382
Other	5,578,543	8,450,919
<b>Total General Support</b>	<u>108,072,546</u>	<u>104,699,295</u>
Instruction:		
Administration and improvement	74,173,631	74,114,750
Teaching	534,213,686	554,886,851
Instructional media	10,075,991	9,907,240
Pupil services	46,122,793	46,822,107
<b>Total Instruction</b>	<u>664,586,101</u>	<u>685,730,948</u>
Pupil transportation	80,517,980	80,333,612
Community services	2,496,464	2,856,383
Interest on long-term debt	18,286,259	22,575,674
<b>Total Expenses</b>	<u>873,959,350</u>	<u>896,195,912</u>
Increase (decrease) in net position	(26,804,644)	(555,279)
<b>Net Position - Beginning</b>	105,399,969	(495,547,011)
<b>Restatement</b>	(574,142,336)	-
<b>Net Position - Ending</b>	<u>\$ (495,547,011)</u>	<u>\$ (496,102,290)</u>

Program revenues from operating grants and contributions increased by approximately \$4.4 million, as compared to the previous year. Contributing factors are: an increase in Title I activity

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due to the carry-over of funds from the prior year which increased appropriations; new funding for costs associated with students displaced by hurricanes; increased funding for the My Brother's Keeper grant to assist in closing gender and ethnicity gaps so that all young people have the chance to reach their full potential; and increased funding for Community Schools' Initiatives to provide additional resources for those schools that have been identified by the State as underperforming.

State and Federal aid increased by approximately \$44.2 million overall during 2017-18 as compared to the previous year. This increase is primarily attributable to increases in Basic Formula Aid and funding received in association with the Smart Schools Bond Act of 2014. Under the Smart Schools Bond Act, the District has been designated to receive a total allocation of \$47.0 million in aid over several years beginning in 2017-18 to support technology-enabled education and broadband connectivity. The District recorded \$20.1 million in funding associated with the Smart Schools Bond Act in the District's Capital fund in the current year. This funding is used to offset District costs for items such as whiteboards, computers, internet connectivity, high-tech security, and facility renovations for PreK programs.

Additionally, New York State Basic Formula aid payable under New York State Education Law (NYSEL) 3609a, also increased by \$20.2 million as compared to the previous year. The allocation of State aid is determined annually by the State of New York using factors such as the District's enrollment, special education requirements and poverty level. Embedded within the broad category of Basic Formula Aid is Foundation Aid, a formula driven aid, and reimbursable aids that require a district to incur expenses in advance of subsequent reimbursement the following year or years by the State. Reimbursable aids are provided for items such as transportation services and building aid. Charter School Supplemental Basic Tuition increased by \$0.9 million primarily due to an increased per student rate of \$1,000, as compared to \$500 per student in the previous year. State Excess Cost Aid increased by approximately \$1.2 million as compared to the previous year. Excess Cost Aid is aid provided to the District for certain resident students with disabilities, which require special education at approved public and private schools. This aid is provided to partially defray the costs of educating children who require care in settings beyond that which is provided to disabled children who are able to be integrated within the traditional school environment. Federal aid for Medicaid reimbursements increased by \$0.9 million as a result of increased administrative compliance efforts required for claims submission and reimbursement. The remaining increase of \$0.9 million is attributable to nominal increases in a variety of other State aid categories such as tuition for Students with Disabilities.

Lottery aid increased by approximately \$0.6 million during 2017-18 as compared to the previous year. Lottery aid comprises approximately 12% of the State's overall funding of elementary and secondary public education. The State lottery is specifically authorized by its Constitution to support public education. All revenues from the state lottery, after prizes and the cost of administration, must be used for the support of 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.

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.

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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 budget. This amount was reduced from \$126.1 million in fiscal 2004-05, and has remained level since that time.

Other revenue decreased by approximately \$0.9 million, as compared to the previous year primarily due to reductions in stop loss reimbursements associated with the District’s self-insured health plan. These reimbursements are for individual claim amounts that exceed \$350,000.

Expenses in the category “General Support – Central Services” decreased by approximately \$5.9 million as compared to the previous year. The reduction of a portion of a long-term receivable in the amount of \$3.7 million in the prior year caused an atypical increase of central service expenses in 2016-17, broadening the scope of the current year decrease. The receivable adjustment relates to a pending litigation with a former food service management company. The difference of \$2.2 million is primarily attributable to reductions in expenses allocated to central services for ERS pension liability and deferred OPEB outflows.

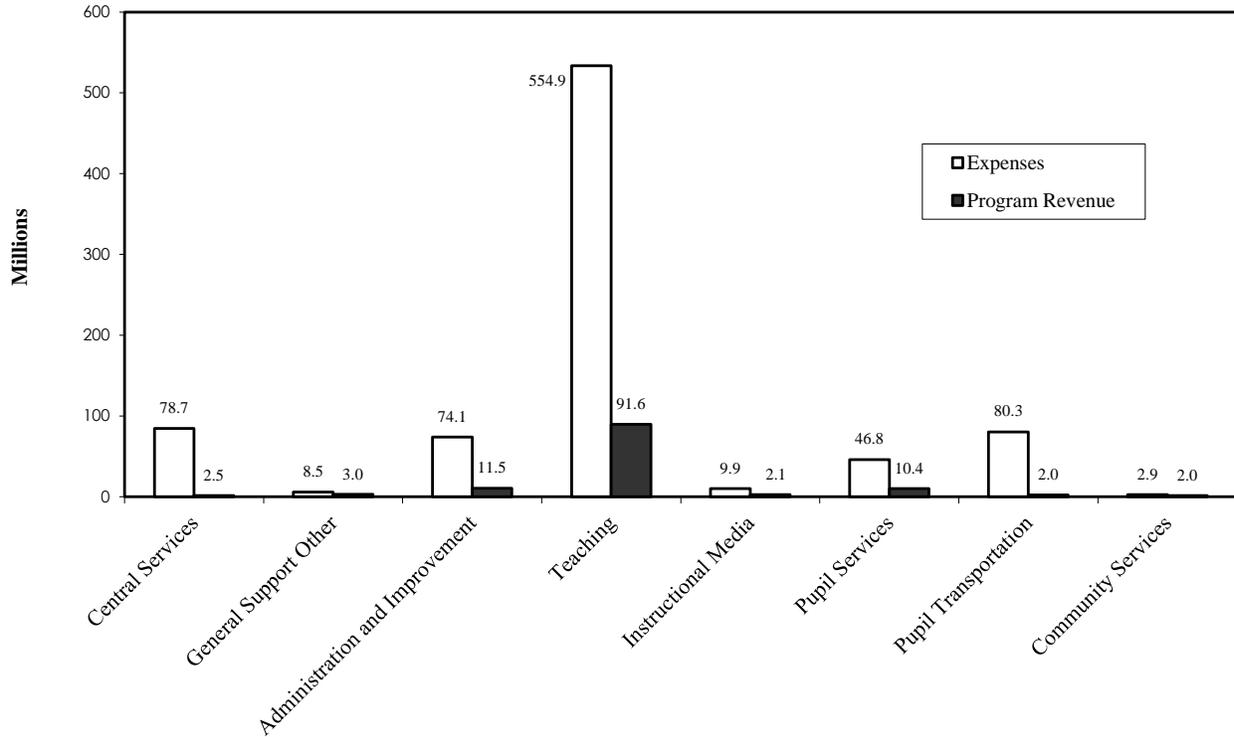
Expenses in the category “General Support - Other” increased by approximately \$2.9 million, as compared to the previous year. Of this increase, approximately \$2.1 million was associated with bond issue costs recorded in the RJSCB fund for the Series 2017 bond issued in the amount of \$123.7 million. This bond will continue to provide funding for Phase II construction and renovation costs associated with the Facilities Modernization Program. No bonds or associated bond issue costs were recorded in the RJSCB fund in the previous year. The remainder of the increase, \$0.8 million, is primarily attributable to increases in disallowed expenses that were originally to be recorded as part of various grant programs.

Instructional expenses for teaching increased by approximately \$20.7 million, as compared to the previous year. Of this \$20.7 million increase, approximately \$15.9 million is a result of increased expenses for capital outlay and depreciation allocated to the teaching programs. These expenses were more significant in 2017-18 due to the progression of Phase II of the Facilities Modernization Program (FMP). Phase II of the FMP was approved by the Governor in December 2014 and an associated strategic plan was approved by the District’s Board of Education in March 2016. This Phase II strategic plan provides the roadmap for the major renovation of 13 schools plus a District-wide technology initiative. Increases for instructional teaching expenses funded by grants and awards to the District increased by approximately \$2.0 million in 2017-18, as compared to the previous year as the District received several sources of new funding in 2017-18 targeted to support teaching programs for students who have been impacted by hurricanes, and to meet the increasing demand and instructional needs for bilingual programs and English Language Learners (ELL). The additional \$2.8 million in increased expenses is attributed to contractual salary and benefit increase for teaching staff.

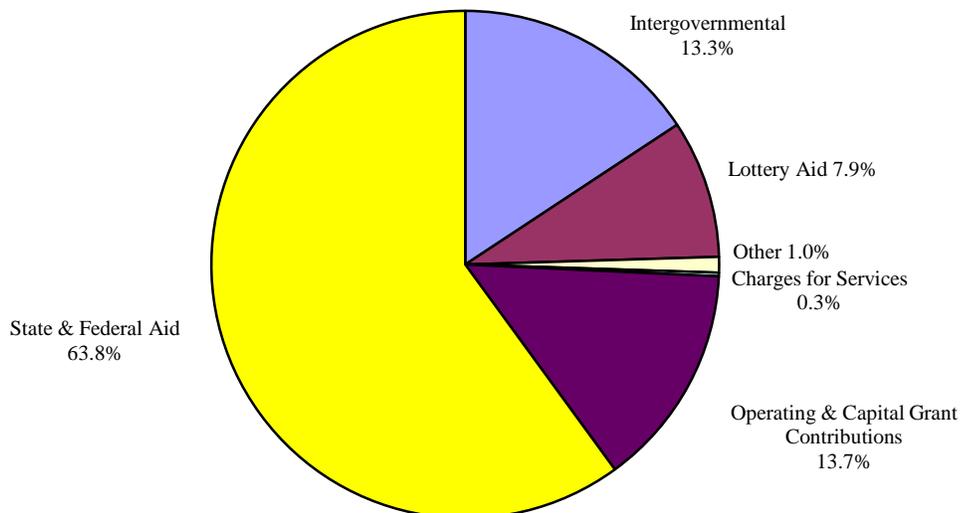
Interest on long-term debt increased by approximately \$4.3 million, as compared to the previous year. Interest payments on bonds are based on the debt structure and resulting amortization schedules. Interest payments on long-term debt continue to increase as bonds for the FMP continue to be issued. These interest payments are offset by State building aid.

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



**Revenues by Source – Governmental Activities**



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**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 of funds reported a combined ending fund balance of \$10,730,901, a decrease of \$9,763,773 from the prior year's fund balance of \$20,494,674. Components of the fund balance consist of a nonspendable fund balance of \$1,011,106, a restricted fund balance of \$8,516,554, a committed fund balance of \$7,649,453 an assigned fund balance of \$27,746,015 and an unassigned, deficit fund balance of (\$34,192,227). 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 reason for the approximately \$9.8 million decrease in the combined ending fund balance was an operating loss of \$16.2 million in the General fund. This operating loss is attributable to continued increases in contractual salary, benefit and charter school payments as well as increases in staffing positions for FTEs such as attendance monitors, and additional support for schools that are identified as underperforming.

**General Fund**

The General fund is the chief operating fund of the District. At the end of the current fiscal year, the District recorded \$396,992 in prepayments classified as non-spendable fund balance, \$8,416,554 of restricted fund balance to apply to future debt service payments, \$7,500,000 of committed fund balance, \$26,956,931 of assigned fund balance and \$6,365,889 of unassigned fund balance. For additional information on the District's General fund balance policies, refer to Note I. E. 13. of this report.

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, 2018, assigned and unassigned balances totaled \$33,322,820 and were approximately 4.9% of the total fund operating expenditures of \$682,740,050.

In the aggregate, revenues and other financing sources increased by 3.9%, or approximately \$27.6 million, while expenditures and other financing uses increased by 5.5%, or approximately \$38.8 million from fiscal year 2016-17 to fiscal year 2017-18. The outpacing of increased

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expenditures as compared to revenues contributed to a decrease in the fund balance of the General fund of \$16.2 million.

Revenues from other local sources decreased by approximately \$0.4 million, as compared to the previous fiscal year. This was primarily due to a reduction in stop-loss reimbursements in 2017-18, as compared to the previous year. Stop-loss reimbursements occur when an individual health insurance claim exceeds \$350,000. As a self-insured entity with stop-loss coverage, the District is reimbursed for any individual claim amount in excess of \$350,000.

Revenues from state sources increased by approximately \$23.2 million overall, as compared to the previous fiscal year. Of this increase, \$20.2 million was attributable to an increase in Basic Formula Aid, payable under New York State Education Law (NYSEL) 3609a. The allocation of Basic Formula aid is determined annually by the State of New York, and is based on a variety of factors such as the state's financial position, enrollment, special education requirements and poverty level.

State Excess Cost Aid increased by \$1.2 million as compared to the previous year. Excess cost aid is granted for public school students with disabilities attending private schools or for students with disabilities attending public schools whose educational requirements exceed a formula-driven financial threshold. The amount of Excess Cost Aid granted in any given year is based on student enrollment, educational service requirements, and the timing of submissions for claim reimbursements.

State Charter School Supplemental Basic Tuition increased by \$1.1 million as compared to the previous year. Pursuant to amendments to NYSEL 2856 (1), in 2017-18 and thereafter, school districts will receive an apportionment equal to the amount of Supplemental Basic Tuition paid to charter schools in each year. For the 2016-17 school year, this amount was \$500 per charter school student and for the 2017-18 school year, this amount increased to \$1,000 per charter school student.

State Lottery Aid increased by \$0.6 million as compared to the previous year. Annual proceeds from the New York State Lottery are used to support elementary, middle and secondary education. Lottery apportionments are contingent upon the amount of lottery proceeds collected within any given year. The remaining \$0.1 million increase in revenues from State sources was a result of minor increases that were partially offset by minor decreases in aid such as legislative aid, aid for incarcerated and homeless students, and tuition for students with disabilities.

Federal revenues increased by approximately \$0.9 million, as compared to the previous year due to increases in Medicaid reimbursements. This reimbursement increase was a result of increased compliance in administrative requirements for parental consents and prescriptions, as well as reimbursement rate increases implemented by the government during the 2017-18 fiscal year.

District operating expenditures in the General fund increased by \$35.6 million overall, or 5.5% over the previous fiscal year. Highlights of significant operating expenditure increases are detailed as follows:

General support staff increased by approximately \$1.1 million, or 13.3%, as compared to the previous year. This increase was primarily due to an increase in contractual and salary expenditures for legal services, as well as an increase in the General fund share of PreK program costs. Central services which includes expenditures such as business office staff, plant maintenance, printing, data processing and mailing, increased by approximately \$1.3 million, or

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2.6%. This increase was primarily due to rising utility costs as well as increases in rental expenditures for facilities utilized as swing space for schools impacted by the FMP program. Other general support expenditures increased by approximately \$1.2 million, or 11.2% as compared to the previous year. This was primarily due to increases in expenditures for grant disallowances and temporary support staff needed to fill long-term vacancies in the schools.

Expenditures for instructional purposes are incurred in an effort to provide a quality education in a safe environment for every student. As such, instructional related expenditures for regular schools increased by \$22.5 million overall, or 8.9%, during 2017-18 as compared to the previous year. Approximately \$10.9 million of this increase is attributable to annual increases in contractual salaries as well as the addition of positions that provide academic intervention and support. An additional \$2.3 million in benefit increases were incurred in conjunction with the rising salaries. Another significant factor that drives the increase in instructional expenditures continues to be the increase in basic education tuition payments to Charter schools. This upward trend exists due to increased tuition rates and enrollments that rise as new Charter schools are created and existing Charter schools expand grade levels. During fiscal 2017-18, the District made regular education tuition payments to Charter schools in the amount of \$73.7 million, as compared to \$65.4 million in the previous year, or an increase of \$8.3 million. The remaining increase in instructional expenditures of approximately \$1.0 million was the result of increases in contractual expenditures for items such as classroom materials and supplies, computer upgrades and maintenance costs.

Expenditures for special apportionment programs increased nominally, by approximately \$2.0 million or 1.4%. Of the \$2.0 million increase in expenditures for special programs, approximately \$1.8 million is attributable to increases in BOCES services related to rate and enrollment increases as well as the increased demand for related services needed to meet student educational requirements. The remaining \$0.2 million in special program increases relate to contractual salary and benefit increases.

Expenditures for other instructional expenditures increased by approximately \$2.2 million or 2.0% in fiscal 2017-18 as compared to the previous year. Of this increase, approximately \$1.2 million is attributable to BENTE contractual wage increases for clerical and security staff, as well as the hiring of additional administrators. The additional administrative positions include Assistant Principals, Community School Site Coordinators, and Extended Learning Resource Coordinators. Additional increases of \$0.4 million were a result of hiring additional registrars during the current year who are charged with monitoring attendance. The remaining \$0.6 million increase is attributable to the addition of more social workers in an effort to provide increased social and emotional support for District students.

Transfers out of the General fund increased by approximately \$3.2 million, or 5.1%, as compared to the previous year due to increases in amortized FMP Bond payments paid out of the General fund and recorded in the Debt Service fund.

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***Special Aid Fund***

There was no change in the Special Aid fund balance from fiscal year 2016-17 to fiscal year 2017-18, as the Special Aid fund maintains a “zero” fund balance from year to year. Revenues and other sources and expenditures and other uses increased by approximately \$5.6 million, or 4.7%, as compared to the previous fiscal year. The District was the recipient of newly awarded funding in 2017-18 such as Community School grants totaling approximately \$6.1 million and Displaced Student Impact Aid of approximately \$2.9 million, all of which contributed to the increased funding in the Special Aid fund. The Community Schools awards were granted to provide schools who were recently identified as persistently struggling to meet educational goals with additional resources for programs to help these schools achieve their goals. Such increases were offset by decreases such as a reduction of \$3.6 million in the Receivership Grant at East High School that was phased out during fiscal 2017-18. The Receivership Grant provided additional funds to support programs at East High School, an educational partner with the University of Rochester, Warner School.

***School Food Service***

Revenues decreased by approximately \$0.3 million, or 1.5%, in the School Food Service fund during fiscal 2017-18 as compared to the prior year, while expenditures increased by approximately \$0.3 million, or 1.4%.

The revenue decrease is primarily due to decreased utilization of federal surplus commodities, which are foods that are donated from the Federal government to the District. This Federally sponsored program promotes healthier options through the purchase of fresh fruits and vegetables. In accordance with governmental accounting principles, these commodities are recorded as a revenue and an expenditure at an amount equal to the commodity value provided by the Federal government.

The primary reason for the \$0.3 million increase in expenditures during 2017-18 was lower utilization of the Federal government commodity program previously described.

***Debt Service***

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 2017-18. Any surplus balance in the Debt Service fund at the end of a fiscal year typically represents an accumulation of interest and/or premiums earned on existing, unused debt proceeds during the year. These earnings are transferred to the District's general operating fund and are used for repayment of future debt service requirements as per local finance law.

***Capital Projects***

The capital projects ending fund balance for fiscal year 2017-18 decreased by \$11.0 million from the prior year. The decrease is the net result of recording approximately \$33.0 million in

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revenue and other funding sources less \$44.1 million in expenditures and other funding uses for the year.

Revenue from local sources in the Capital fund decreased by approximately \$1.0 million as compared to the previous year. This decrease is primarily attributable to a decrease in City reimbursement for recreation center improvements. In addition, there were no local grants or settlements supporting capital projects as in the previous year. \$20.1 million in state funds were provided this year from the Smart Schools Bond Act. This funding is used to upgrade classroom technology, school connectivity and high-tech security. Expenditures increased by \$14.6 million as compared to the prior year primarily due to the Smart Schools Bond Act spending.

Other financing sources (uses) increased by a net amount of \$1.7 million this year primarily due to increased BAN redemptions of approximately \$2.5 million in the current year as compared to the previous year. The increase in BAN redemptions was offset by \$0.8 million transfers out to RJSCB for additional construction at School 50 and Monroe High School.

***Rochester Joint Schools Construction Board (RJSCB)***

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 increased by \$17.8 million. This increase is primarily due to the issuance of the Series 2017 Bond and its premium during 2017-18, which was partially offset by construction expenditures.

Revenue from local sources in the RJSCB fund increased by \$0.3 million as compared to the previous year. This increase was primarily due to interest earned on bond proceeds received during the current year.

Total expenditures increased by \$88.5 million over the previous year, or 215%. This significant increase was due to an increase of \$86.5 million in capital outlay expenditures for construction work on Phase II projects as additional schools began building renovations. The remaining \$2.0 million increase is attributable to the closing costs for the Series 2017 Bond that was issued in the current year.

Other financing sources increased \$146.7 million over the prior year; primarily due to the Series 2017 bond issuance of \$148.0 million (face value plus premium, net of underwriter's discount), offset partially by net transfers out of \$1.3 million. Transfers in of \$2.6 million include \$1.8 million from the Special Aid fund for a Community Schools grant and \$0.8 million from the Capital Projects fund for additional capital which will be used to complete School 50 and Monroe High School construction projects. Transfers out of \$3.9 million were for interest payments on the BAN and bond which are financing Phase II of FMP construction.

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**Budgetary Highlights – General Fund**

The original 2017-18 budget was increased/amended by \$1,975,342 as follows:

<u>Revenues</u>	
Local sources	\$ 3,399,357
State sources	4,149,276
Federal sources	30,183
	7,578,816
Other financing sources - transfers in	(3,103,474)
Appropriated fund balance	(2,500,000)
	\$ 1,975,342
 <u>Expenditures</u>	
General support	\$ 3,100,774
Instructional	(15,155,872)
Pupil transportation	1,837,890
Community services	39,615
Employee benefits	14,703,060
Debt service	379,214
	4,904,681
Other financing uses - transfers out	(2,929,339)
	\$ 1,975,342

Significant changes between the original and final amended budgets for general fund revenues occurred due to a net increase in Local, State, and Federal sources of \$7.6 million dollars. Of this net increase, \$4.1 million is attributable to unanticipated changes in aids such as Special Service Aid, Special Education Private and Public Cost Aid, Transportation Aid, Building Aid, Charter School Aid, and Alternative Residential Tuition. These aids are driven by enrollment levels and certain claim submissions, the timing of which can cause swings in budgetary projections during the course of a given fiscal year. In addition, there was a net increase of \$3.4 million of changes associated with local funding primarily due to the anticipation of receipts at the end of the fiscal year associated with the refunds of prior year health claims.

A reduction of \$3.1 million occurred for transfers in to the General fund due to lower than anticipated borrowing levels for the financing of FMP construction during the fiscal year. Additionally, a reduction of \$2.5 million of appropriated fund balance occurred for unanticipated grant revenues awarded to the District that were used to offset expenditures originally budgeted in the General fund.

The most significant general fund expenditure budget changes occurred in the general support, instructional, pupil transportation and employee benefit categories. The general support category increased by \$3.1 million primarily due to increased grant disallowances, agency temporary staff, increases in professional and technical consulting services, and facilities maintenance and repair contracts. Instructional reductions of approximately \$15.2 million were due to teaching and other support staff position vacancies. Pupil transportation increased by \$1.8 million due to increased routing demands for Charter schools and to accommodate program scheduling needs for District initiatives that evolved during the course of the fiscal year. The

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employee benefits category increased by \$14.7 million due to unanticipated increase in the District's health and dental insurance costs of the District's self-funded plan, as well as increases in the benefit projections for the employee retirement system and social security.

Transfers out decreased by \$2.9 million due to lower than anticipated borrowing levels during the fiscal year for funding Phase II of the Facilities Modernization Plan.

**Final Budget to Actuals – General Fund**

Revenues for local sources experienced an unfavorable variance to the final budget of approximately \$1.9 million overall. Of this amount, approximately \$0.1 million was attributable to lower than anticipated interest rate earnings on short-term investments. The remaining variance of \$1.8 million was primarily attributable to a \$2.2 million unfavorable budget variance for refunds of prior year expenditures. These refunds were offset by other minor favorable variances for other local revenue categories such as tuition, recycling and facilities rental. The significant final budget to actual variance that occurred in refunds for prior years was a result of the District's anticipated receipt of reimbursements at fiscal year end in association with the self-funded health program for prior year claims. However, the reimbursements included a significant amount of current year claims as well that offset health insurance costs in the current year.

Revenues from state sources experienced an unfavorable variance of approximately \$0.8 million as compared to the final budget. This unfavorable variance was primarily the result of unanticipated fluctuations in the amount of aid received for incarcerated youth. This aid is contingent upon the number of District students placed in the penal system in any given year.

Revenues from federal sources experienced a favorable increase of approximately \$3.4 million. Of this amount, approximately \$2.2 million is a classification issue for federal subsidies recorded as federal revenue, but budgeted as a transfer in instead. The remaining favorable variance of \$1.2 million is attributable to higher than anticipated Medicaid receipts due to targeted efforts to increase parental consent, improvements in compliance documentation, including prescriptions and orders, and most significantly, unanticipated reimbursement rate increases that occurred during 2017-18.

As previously mentioned, a classification issue pertaining to federal subsidies which were budgeted as a transfer in, but recorded as federal revenue, was the primary contributor to the unfavorable \$2.3 million variance for transfers in.

The most significant expenditure variances between the General fund final budget and actual expenditures were favorable variances for health insurance of \$0.8 million, and other benefits of \$1.1 million. As previously mentioned, the health insurance favorable variance was attributable to current fiscal year claim reimbursements received at year end that were used to offset health insurance expenditures. The favorable variance between the final budget and actual other benefit expenditures was the result of lower than anticipated unemployment insurance costs and fluctuations in long-term vacancies funded in the benefits department for circumstances such as long-term illness.

**Capital Asset and Debt Administration**

**Capital assets.** The District's capital assets, net of depreciation, for its governmental activities as of June 30, 2018 amounted to \$736,395,981. This investment in capital assets includes

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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 \$115,526,932.

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

- Ongoing repairs and improvements. The District added \$26.3 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 \$123.6 million in capital assets for the District during fiscal year 2017-18. These asset 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 million over five years. The anticipated completion timeframe of Phase II is the fall of 2022.

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

	<u>2016-17</u>	<u>2017-18</u>
Land	\$ 17,349,160	\$ 17,349,160
Buildings & Improvements	521,840,461	506,361,574
Equipment & Other	11,125,222	11,961,179
Construction in Progress	70,554,206	200,724,068
<b>Total</b>	<u>\$ 620,869,049</u>	<u>\$ 736,395,981</u>

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

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

	<b>Governmental Activities</b>	
	<u>2016-17</u>	<u>2017-18</u>
RCSD Bonds	\$ 118,020,401	\$ 99,036,602
RJSCB Bonds	231,585,000	340,230,000
<b>Total</b>	<u>\$ 349,605,401</u>	<u>\$ 439,266,602</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 Aa3 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 the most recent five-year average of full valuation of taxable real estate for capital

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purposes. The debt limit at June 30, 2018 was \$222,170,000 leaving a debt-contracting margin of \$75,375,398. 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 is experiencing 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 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 revenues. The District began the 2018-19 budget planning process with a projected \$65.0 million deficit. The key cost drivers are contractual salary increases and additional support for academic intervention of \$33.9 million, an 11.9% increase from the amended 2017-18 budget, as well as other related cost increases such as expanded learning and summer school of \$2.9 million, an 11.1% increase from the 2017-18 amended budget and employee benefits of \$14.0 million, an 11.1% increase from the 2017-18 amended budget. Fixed obligations including a Charter School tuition increase of \$2.0 million based on continuing growth in enrollment, facilities anticipated rate increases in utilities and supplies of \$2.1 million, and other costs of \$10.0 million for BOCES and contractual services are also increasing spending. Key changes include the reduction of BOCES services, instructional coaches and temporary staff, contingency fund as well as the department maintenance of effort to increase efficiencies. Despite these cost reductions, the 2018-19 budget sustains funding for District priorities such as the Facilities Modernization Plan projects, East High School Educational Partnership Organization, expanding 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 and capitalized interest to offset spending increases.

**General Fund**

The 2018-19 original budget of \$778,585,229 represents an increase of approximately 3.6% from the 2017-18 amended budget of \$751,439,403. The increase is primarily attributable to contractual salary and benefit increases, significant operating increases in Charter School tuition and transportation costs, and increased debt service costs in association with the Facilities Modernization Program.

**Requests for Information**

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

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# **BASIC FINANCIAL STATEMENTS**

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**ROCHESTER CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 112,396,168
Restricted Cash & Cash Equivalents	28,172,323
Accounts Receivable	3,339,107
Due from Other Governments	59,876,030
Prepayments	610,800
Inventories	443,591
TRS Pension Asset, Proportionate Share	12,287,138
Capital Assets (net of accumulated depreciation):	
Land	17,349,160
Buildings & Improvements	506,361,574
Equipment & Other	11,961,179
Construction In Progress	200,724,068
<b>Total Assets</b>	<b>953,521,138</b>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding, Net of Amortization	1,400,828
Deferred Pension Outflow	190,850,215
Deferred OPEB Outflow	21,184,720
<b>Total Deferred Outflows of Resources</b>	<b>213,435,763</b>
<b>Liabilities</b>	
Accounts Payable and Accrued Liabilities	98,619,221
Due To Fiduciary Funds	9,851,051
Due To Other Governments	9,946,677
Due To Retirement Systems	29,638,281
Unearned Revenue	3,081,773
Notes Payable, BANs	47,758,000
Noncurrent Liabilities:	
Retainages Payable	5,594,818
Due Within One Year	57,045,048
Due in More Than One Year	1,343,185,322
<b>Total Liabilities</b>	<b>1,604,720,191</b>
<b>Deferred Inflows of Resources</b>	
Deferred Pension Inflow	58,339,000
<b>Total Deferred Inflows of Resources</b>	<b>58,339,000</b>
<b>Net Position</b>	
Net Investment in Capital Assets	265,896,655
Restricted for Debt Service	8,416,554
Restricted for Revolving Loan Program	100,000
Unrestricted (Deficit)	(770,515,499)
<b>Total Net Position</b>	<b>\$ (496,102,290)</b>

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, 2018**

<u>Function/Program</u>	<u>Expense</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position and Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General Support:				
Board of Education	\$ 774,805	\$ -	\$ -	\$ (774,805)
Chief School Administrator	998,319	-	-	(998,319)
Finance	6,916,873	-	-	(6,916,873)
Staff	8,850,997	-	-	(8,850,997)
Central Services	78,707,382	365,684	2,162,128	(76,179,570)
Other	8,450,919	-	3,038,979	(5,411,940)
<b>Total General Support</b>	<u>104,699,295</u>	<u>365,684</u>	<u>5,201,107</u>	<u>(99,132,504)</u>
Instruction:				
Administration and Improvement	74,114,750	-	11,482,651	(62,632,099)
Teaching	554,886,851	2,265,157	89,342,042	(463,279,652)
Instructional Media	9,907,240	-	2,140,619	(7,766,621)
Pupil Services	46,822,107	-	10,412,767	(36,409,340)
<b>Total Instruction</b>	<u>685,730,948</u>	<u>2,265,157</u>	<u>113,378,079</u>	<u>(570,087,712)</u>
Pupil Transportation	80,333,612	-	2,046,690	(78,286,922)
Community Services	2,856,383	-	2,026,812	(829,571)
Interest on Long-Term Debt	22,575,674	-	-	(22,575,674)
<b>Total Governmental Activities</b>	<u>\$ 896,195,912</u>	<u>\$ 2,630,841</u>	<u>\$ 122,652,688</u>	<u>(770,912,383)</u>
General Revenues:				
Intergovernmental				119,100,000
Use of Money and Property				1,893,078
State and Federal Aid				571,846,027
Lottery Aid				70,618,330
Miscellaneous				6,899,669
<b>Subtotal, General Revenues</b>				<u>770,357,104</u>
Excess (Deficiency) of Revenues over Expenses				(555,279)
Net Position - Beginning, As Restated				(495,547,011)
<b>Net Position - Ending</b>				<u>\$ (496,102,290)</u>

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

**ROCHESTER CITY SCHOOL DISTRICT  
BALANCE SHEET, GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018**

(continued next page)

	General	Special Aid	School Food Service
<b>Assets</b>			
Cash and cash equivalents	\$ 112,376,987	\$ -	\$ 19,181
Restricted cash and cash equivalents	8,416,554	-	-
Receivables:			
Accounts	2,683,943	65,787	59,253
Due from other funds	19,026,881	-	642,738
Due from other governments	23,018,975	35,325,640	1,531,415
Prepayments	396,992	43,286	-
Inventories at cost	-	-	443,591
Total assets	<u>\$ 165,920,332</u>	<u>\$ 35,434,713</u>	<u>\$ 2,696,178</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 51,707,085	\$ 7,205,733	\$ 1,207,705
Due to other funds	31,296,822	19,127,055	-
Due to other governments	8,441,318	1,504,130	1,229
Due to retirement systems	24,834,651	4,520,112	254,569
Unearned revenues	4,090	3,077,683	-
Notes payable - BANS	-	-	-
Total liabilities	<u>116,283,966</u>	<u>35,434,713</u>	<u>1,463,503</u>
Fund balances:			
Nonspendable			
Inventory	-	-	443,591
Prepayments	396,992	-	-
Restricted For			
Debt service	8,416,554	-	-
Revolving loan program	-	-	-
Committed For			
Insurance claims	1,000,000	-	-
Workers' compensation	2,500,000	-	-
OPEB	4,000,000	-	-
Revolving loan program	-	-	-
Assigned For			
Subsequent year's expenditures	20,000,000	-	-
Facilities modernization local share	2,500,000	-	-
Health insurance	4,000,000	-	-
School food service	-	-	789,084
Encumbrances			
Instructional support	259,879	-	-
General support	48,805	-	-
Student transportation	148,247	-	-
Unassigned	6,365,889	-	-
Total fund balance	<u>49,636,366</u>	<u>-</u>	<u>1,232,675</u>
Total liabilities and fund balances	<u>\$ 165,920,332</u>	<u>\$ 35,434,713</u>	<u>\$ 2,696,178</u>

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

Capital Projects	RJSCB	Total Governmental Funds
\$ -	\$ -	\$ 112,396,168
1,235,180	18,520,589	28,172,323
-	30,124	2,839,107
21,175,475	-	40,845,094
-	-	59,876,030
-	170,522	610,800
-	-	443,591
<u>\$ 22,410,655</u>	<u>\$ 18,721,235</u>	<u>\$ 245,183,113</u>
\$ 4,876,960	\$ 28,333,853	\$ 93,331,336
-	272,268	50,696,145
-	-	9,946,677
28,949	-	29,638,281
-	-	3,081,773
47,758,000	-	47,758,000
<u>52,663,909</u>	<u>28,606,121</u>	<u>234,452,212</u>
-	-	443,591
-	170,522	567,515
-	-	8,416,554
-	100,000	100,000
-	-	1,000,000
-	-	2,500,000
-	-	4,000,000
-	149,453	149,453
-	-	20,000,000
-	-	2,500,000
-	-	4,000,000
-	-	789,084
-	-	259,879
-	-	48,805
-	-	148,247
(30,253,254)	(10,304,861)	(34,192,227)
<u>(30,253,254)</u>	<u>(9,884,886)</u>	<u>10,730,901</u>
<u>\$ 22,410,655</u>	<u>\$ 18,721,235</u>	<u>\$ 245,183,113</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, 2018**

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

Total fund balances (page 38)	\$ 10,730,901
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	535,671,913
Construction in progress for governmental activities is not a financial resource and, therefore, is not reported in the funds.	200,724,068
Deferred charges on refunding net of amortization are not available resources and, therefore, are not reported in the funds.	1,400,828
Deferred postemployment outflows are not available resources and, therefore, are not reported in the funds.	21,184,720
Long-term receivables are not collectible in the current period and, therefore, not reported in the funds.	500,000
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.	(1,327,720,926)
Pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,574,216)
Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,287,138
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.	132,511,215
Net accrued interest expense for bonds, notes and special program bond are not reported in the funds.	(5,287,885)
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.	(14,559,161)
Premium associated with issuance of bonds are a liability in the governmental funds in the year the bonds are issued. This premium will be amortized over the life of the bond.	(55,970,885)
Net position of governmental activities	<u>\$ (496,102,290)</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, 2018**

(continued next page)

	General	Special Aid
<b>Revenues</b>		
Local sources:		
Use of money and property (interest and rent)	\$ 525,038	\$ -
Intergovernmental	119,100,000	-
Other	9,134,287	3,511,217
State sources	593,552,311	67,374,722
Federal sources	5,496,240	51,766,749
Surplus food	-	-
Sales	-	-
Total revenues	<u>727,807,876</u>	<u>122,652,688</u>
<b>Expenditures</b>		
Current:		
General Support:		
Staff	9,137,095	-
Central services	50,723,455	344,128
Other	12,421,123	3,038,979
Instructional:		
Teaching - regular school	275,176,054	32,896,458
Special apportionment programs	139,121,247	20,949,565
Other	111,677,334	60,800,703
Pupil transportation	79,169,605	2,046,690
Community services	735,581	2,026,812
Cost of sales	-	-
Debt service:		
Principal	3,642,177	-
Interest	936,379	-
Bond issue costs	-	-
Capital outlay	-	-
Total expenditures	<u>682,740,050</u>	<u>122,103,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,067,826</u>	<u>549,353</u>
<b>Other Financing Sources (Uses)</b>		
Bonds issued	-	-
Net premium on debt issuance	-	-
Transfers in (BANs)	-	-
Transfers in	4,564,376	1,268,647
Transfers out	(65,814,141)	(1,818,000)
Total other financing sources (uses)	<u>(61,249,765)</u>	<u>(549,353)</u>
Net change in fund balances	<u>(16,181,939)</u>	<u>-</u>
Fund balances - beginning	65,818,305	-
Fund balances - ending	<u>\$ 49,636,366</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
\$ -	\$ 713,486	\$ -	\$ 654,554	\$ 1,893,078
-	-	27,776	-	119,127,776
238,687	-	-	2,763	12,886,954
534,871	-	20,083,540	-	681,545,444
21,035,557	-	-	-	78,298,546
1,095,171	-	-	-	1,095,171
126,997	-	-	-	126,997
<u>23,031,283</u>	<u>713,486</u>	<u>20,111,316</u>	<u>657,317</u>	<u>894,973,966</u>
-	-	-	-	9,137,095
-	-	-	-	51,067,583
13,303,904	-	-	-	28,764,006
-	-	-	-	308,072,512
-	-	-	-	160,070,812
-	-	-	-	172,478,037
-	-	-	-	81,216,295
-	-	-	-	2,762,393
10,016,753	-	-	-	10,016,753
-	34,008,799	-	-	37,650,976
-	20,536,695	-	-	21,473,074
-	-	-	2,073,684	2,073,684
-	-	43,334,784	127,590,398	170,925,182
<u>23,320,657</u>	<u>54,545,494</u>	<u>43,334,784</u>	<u>129,664,082</u>	<u>1,055,708,402</u>
<u>(289,374)</u>	<u>(53,832,008)</u>	<u>(23,223,468)</u>	<u>(129,006,765)</u>	<u>(160,734,436)</u>
-	-	-	123,670,000	123,670,000
-	-	-	24,375,663	24,375,663
-	-	2,925,000	-	2,925,000
-	54,545,494	10,000,000	2,568,000	72,946,517
-	(713,486)	(750,000)	(3,850,890)	(72,946,517)
	<u>53,832,008</u>	<u>12,175,000</u>	<u>146,762,773</u>	<u>150,970,663</u>
(289,374)	-	(11,048,468)	17,756,008	(9,763,773)
1,522,049	-	(19,204,786)	(27,640,894)	20,494,674
<u>\$ 1,232,675</u>	<u>\$ -</u>	<u>\$ (30,253,254)</u>	<u>\$ (9,884,886)</u>	<u>\$ 10,730,901</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, 2018**

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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)	\$ (9,763,773)
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.	(123,670,000)
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.	35,466,322
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 \$516,813, TRS \$2,350,188]	2,867,001
The net increase in long-term debt for governmental funds is not recorded as an expenditure in 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.	(12,840,135)
Capital projects expenditures for construction in progress are recorded in funds as expenditures. Such expenditures are not recorded in the statement of activities because they are considered capital assets.	149,885,075
Capital projects expenditures for capital assets and certain equipment and building improvements are recorded in funds as expenditures. Such expenditures are not recorded in the statement of activities because they are considered capital assets.	784,143
Depreciation is recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(32,456,807)
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.	14,334,699
Asset disposals are recorded in the statement of activities but not in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	(17,020,178)
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.	(4,362,495)
Decrease 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 \$13,800,556, TRS 29,978,968]	43,779,524
Increase in proportionate share of net deferred inflow and outflow reported in the statement of net position for the difference during the measurement period between the District's contributions and its proportionate share of the total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. [ERS (\$13,307,580), TRS \$34,384,344]	(47,691,924)
Increase in deferred OPEB outflow reported in the statement of net position for retiree costs between the measurement period and the end of the fiscal year	21,184,720
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.	(20,749,575)
Changes in net position of governmental activities	<u>\$ (555,279)</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, 2018**

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	<b>Agency Fund</b>	<b>Private Purpose Trust Fund</b>
<b>Assets</b>		
Restricted Cash and Cash Equivalents	\$ 736,401	\$ 244,817
Due from Other Funds	9,812,320	38,731
Total Assets	\$ 10,548,721	\$ 283,548
<b>Liabilities and Net Position</b>		
Accrued Liabilities	\$ 7,459,820	\$ -
Due to Student Groups	139,202	-
Due to Retirement Systems	2,949,699	-
Total Liabilities	10,548,721	-
<b>Net Position</b>		
Held in Trust for Scholarships and Awards	-	283,548
Total Liabilities and Net Position	\$ 10,548,721	\$ 283,548

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, 2018**

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	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>	
Interest	\$ 569
Scholarships	500
Gifts and Donations	<u>350</u>
Total additions	1,419
<b>Deductions:</b>	
Scholarships	34,300
Gifts and Donations	<u>7,773</u>
Total deductions	<u>42,073</u>
<b>Change in Net Position</b>	(40,654)
<b>Net Position - Beginning</b>	<u>324,202</u>
<b>Net Position - Ending</b>	<u><u>\$ 283,548</u></u>

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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 approved by the City. 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, 2017 to June 30, 2018. 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 Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. 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 at the District's business office, located at 131 West Broad Street, Rochester, New York 14614.

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 by and between the City and the District. Pursuant to the Act, the RJSCB intends to undertake a project consisting of the design,

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Government-Wide Financial Statements**

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

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

The District reports all direct expenses by function in the Statement of Activities. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the 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, 2018**

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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

used as depositories. Funds generally can be invested in time deposits, certificates of deposit, obligations of the U.S. Government and its agencies, and New York State and its municipalities.

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

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

In addition, income from investments associated with one fund may be assigned to other funds because of legal or contractual provisions. As such, investment income of \$713,486 for fiscal year 2017-18, 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, 2018**

**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 \$443,591 in inventory at June 30, 2018. 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, 2018, the General fund recorded prepaid expenditures in the amount of \$396,992 for self-insured health insurance administrative and stop loss fees, health insurance and travel reservations. Prepayments of \$43,286 were recorded in the Special Aid fund for travel reservations and for employee registrations in a Harvard Leadership program. Additionally, prepayments of \$170,522 recorded in the RJSCB fund was primarily for prepaid insurance. These prepayments will be recorded as expenditures during fiscal year 2018-19. 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. 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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

refunded or refunding debt. The other items are related to pensions and OPEB reported in the government-wide Statement of Net Position. Refer to Notes V.B. and V.C. for additional details on deferred pension 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 \$4,090 in the General fund at June 30, 2018 for lease prepayments associated with the utilization of the Pleasant St. parking lot. The District also received cash in advance of expenditures in the amount of \$3,077,683 for Special Aid fund projects during fiscal year 2017-18. These funds represent receipts for various grants that were not fully spent as of June 30, 2018. As the funds are spent during fiscal year 2018-19, 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 varying 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 current liability of \$1,894,040 and a non-current liability of \$3,087,860 have been recorded on the Statement of Net Position for estimated vacation expense incurred but not paid during 2017-18.

**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

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. The bond issuance costs are recorded by the City, the reporting entity that issues debt for the District. Issue costs associated with the Facilities Modernization Program are recorded by the RJSCB.

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

**13. Fund Equity**

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

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

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

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

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

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

*Nonspendable fund balance* – 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.

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*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 2017-18 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.

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, 2018, the District has \$456,931 in General fund encumbrances.

**F. Use of Estimates**

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

**G. Change in Accounting Principal**

For the fiscal year ended June 30, 2018, the District implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of Statement No. 75 resulted in the reporting of a deferred postemployment outflow of resources, postemployment liability and deferred postemployment inflow of resources related to the District’s single-employer defined benefit other postemployment benefit plan.

Net position June 30, 2017, as previously stated	\$ 78,595,325
GASB Statement No. 75 implementation	
Plan liability under GASB Statement No. 75 as of 7/1/17	(830,421,446)
Plan liability under GASB Statement No. 45 as of 6/30/17	256,279,110
Net position June 30, 2017, as restated	\$ (495,547,011)

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**H. Subsequent Events**

As part of the District’s ongoing capital improvement program, the City of Rochester (City) redeemed \$2,746,000 in existing BANs and converted the remaining \$45,012,000 of existing BANs to “2018 Series II Bonds” on behalf of the District on August 9, 2018. The new BANs will be used to pay for construction improvements in association with the District’s annual capital improvement program (CIP).

The “Series 2018 Bonds”, totaling \$197,295,000 million, were issued by the County of Monroe Industrial Development Agency on behalf of the Rochester Joint School Construction Board (RJSCB) on August 1, 2018 for Phase II financing of the Rochester School Facilities Modernization Program (FMP). Phase II of the FMP was originally approved for the acquisition, renovation, reconstruction, improvement, equipping and furnishing of up to 26 projects, and was later modified to 13 buildings and one District-wide technology project, at a total cost not to exceed \$435.0 million. It is expected that an additional series of bonds will be issued to finance additional costs of Phase II of the FMP in future years.

These financial statements have not been updated for subsequent events occurring after December 3, 2018 which is the date these financial statements were made available to be issued.

**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 (\$1,327,720,926) difference are as follows:

Bonds payable	\$ (439,266,602)
Compensated absences	(3,087,860)
Other post-employment benefits	(842,931,761)
Contractual obligations	(366,839)
Due to other governments	(11,333,333)
Claims payable	(25,139,713)
Retainages payable	<u>(5,594,818)</u>
	<u>\$ (1,327,720,926)</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.

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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 \$35,466,322 difference are as follows:

Bond principal payments	\$	34,008,799
Contractual obligation principal payments		<u>1,457,523</u>
		<u>\$ 35,466,322</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 (\$12,840,135) difference are as follows:

Claims payable	\$	(69,007)
Other post-employment benefits		(12,510,315)
Compensated absences		<u>(260,813)</u>
		<u>\$ (12,840,135)</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgeting Policy**

The budget of the District allocates resources to meet the District’s commitment to educational excellence for all students. The budget period for fiscal year 2017-18 began on July 1, 2017 and ended on June 30, 2018. 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

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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 \$1,975,342 for the General Fund and \$320,658 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, 2018, the Capital Projects Fund and the RJSCB Fund have deficit fund balances of \$30,253,254 and \$9,884,886, respectively. The deficit in the Capital Projects fund is the result of the issuance of bond anticipation notes (BANs), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall deficit. This deficit will be eliminated as resources are obtained (e.g. from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs. The deficit in the RJSCB fund is associated with FMP Phase II construction expenses incurred prior to fiscal year end and in advance of receiving bond proceeds in August 2018 to fund these expenses.

**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 \$736,401 reported in the Agency fund restricted for extraclassroom activities and flexible spending withholdings, \$18,520,589 reported in the RJSCB fund primarily comprised of unexpended bond proceeds, \$1,235,180 in the Capital Projects fund comprised of unexpended BAN proceeds, \$8,416,554 reported in the General fund for funds held in trust for future debt payments, and \$244,817 reported in the Private Purpose Trust fund for scholarships and awards.

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

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

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

Custodial Credit Risk – Custodial credit risk occurs in the event of a failure of the counterparty in which the City will not be able to recover the value of 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.

**Cash** - At year-end, the District’s cash was \$111,302,423. 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 \$30,247,286. 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, 2018, 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>
\$2,683,943	\$65,787	\$59,253	\$30,124	\$2,839,107

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 primarily outstanding food rebates, catering services and amounts due from Charter Schools for meals served during fiscal 2017-18. The RJSCB fund receivable was for interest earnings as well as a loan receivable made to a MWBE contracting firm for cash flow purposes.

An amount of \$500,000 that management anticipates collection of in more than one year was recorded in the government-wide financial statements. This amount relates to the reimbursement of contractual provisions from a former food service management company that the District utilized during the fiscal years of 2009-10 through part of 2014-15.

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**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 17,349,160	\$ -	\$ -	\$ 17,349,160
Construction in Progress	70,554,206	149,885,075	19,715,213	200,724,068
Total capital assets not being depreciated	<u>87,903,366</u>	<u>149,885,075</u>	<u>19,715,213</u>	<u>218,073,228</u>
Capital assets being depreciated:				
Buildings & Improvements	856,467,552	16,368,550	5,538,844	867,297,258
Equipment & Other	55,224,097	4,130,806	11,481,334	47,873,569
Total capital assets being depreciated	<u>911,691,649</u>	<u>20,499,356</u>	<u>17,020,178</u>	<u>915,170,827</u>
Less accumulated depreciation for:				
Buildings & Improvements	(334,627,091)	(29,193,311)	(2,884,718)	(360,935,684)
Equipment & Other	(44,098,875)	(3,263,496)	(11,449,981)	(35,912,390)
Total accumulated depreciation	<u>(378,725,966)</u>	<u>(32,456,807)</u>	<u>(14,334,699)</u>	<u>(396,848,074)</u>
Total capital assets being depreciated, net	<u>532,965,683</u>	<u>(11,957,451)</u>	<u>2,685,479</u>	<u>518,322,753</u>
District capital assets, net	<u>\$ 620,869,049</u>	<u>\$ 137,927,624</u>	<u>\$ 22,400,692</u>	<u>\$ 736,395,981</u>

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

Instructional teaching regular school	\$ 28,794,140
General support central services	3,182,472
Pupil transportation	421,581
Community services	58,614
	<u>\$ 32,456,807</u>

**1. Significant Construction Commitments**

The District, along with the RJSCB, capitalized \$150,669,218 of assets during fiscal year 2017-18. These disbursements were for equipment, land, construction in progress, and improvements to various facilities. It is estimated that \$136.7 million will be disbursed by the District and \$640.3 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 2017-18, 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

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are typically repaid in less than one year. The following schedule summarizes interfund receivables and payables at June 30, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 19,026,881	\$ 31,296,822
Special Aid	-	19,127,055
School Food Service	642,738	-
Capital Projects	21,175,475	-
RJSCB	-	272,268
Private Purpose Trust	38,731	-
Agency	9,812,320	-
<b>Total</b>	<u>\$ 50,696,145</u>	<u>\$ 50,696,145</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, 2018.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 4,564,376	\$ 65,814,141
Special Aid	1,268,647	1,818,000
Debt Service	54,545,494	713,486
Capital Projects	10,000,000	750,000
RJSCB	2,568,000	3,850,890
<b>Total</b>	<u>\$ 72,946,517</u>	<u>\$ 72,946,517</u>

**E. Due from Other Governments**

As of year ended June 30, 2018, management believes the following accounts receivable to be fully collectible within the subsequent fiscal year:

<u>Fund</u>	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
General	\$ 4,231,514	\$ 17,253,774	\$ 1,533,687	\$ 23,018,975
Special Aid	3,227,231	19,555,663	12,542,746	35,325,640
School Food Service	22,502	38,637	1,470,276	1,531,415
<b>Total</b>	<u>\$ 7,481,247</u>	<u>\$ 36,848,074</u>	<u>\$ 15,546,709</u>	<u>\$ 59,876,030</u>

**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 2017-18 for operating leases was approximately \$203,000 and \$3.6 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, 2018:

<u>Fiscal Year</u>	<u>Receipts</u>	<u>Payments</u>
2018-19	\$ 32,000	\$ 2,659,416
2019-20	32,000	2,665,879
2020-21	32,000	2,678,072
2021-22	32,000	2,684,836
2022-23	32,000	2,685,193
	<u>\$ 160,000</u>	<u>\$ 13,373,396</u>

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The District anticipates receiving approximately \$1.4 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 2017-18 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.

The schedule below details the changes in short-term debt for the year ended June 30, 2018:

	<b>Balance June 30, 2017</b>	<b>Issues</b>	<b>Redeemed</b>	<b>Balance June 30, 2018</b>
BANs (District)	\$ 31,566,000	\$ 19,117,000	\$ 2,925,000	\$ 47,758,000
BANs (JSCB)	32,000,000	-	32,000,000	-
	<u>\$ 63,566,000</u>	<u>\$ 19,117,000</u>	<u>\$ 34,925,000</u>	<u>\$ 47,758,000</u>

**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, 2018:

	<b>Balance June 30, 2017</b>	<b>New Issues/ Additions</b>	<b>Maturities/ Reductions</b>	<b>Balance June 30, 2018</b>	<b>Due Within One Year</b>
Governmental Activities:					
Compensated Absences	\$ 2,827,047	\$ 6,390,948	\$ 6,130,135	\$ 3,087,860	\$ 3,087,860
Claims Payable	25,070,706	5,777,532	5,708,525	25,139,713	6,008,938
Other Post Employment Benefits*	830,421,446	39,954,519	27,444,204	842,931,761	-
Due to Other Governments -					
NYS Lottery Advance	12,000,000	-	666,667	11,333,333	666,666
NYS ERS Loan Payable	4,828,113	-	516,813	4,311,300	533,190
NYS TRS Loan Payable	12,598,049	-	2,350,188	10,247,861	2,431,971
ERS Pension Liability**	21,374,772	-	13,800,556	7,574,216	-
Installment Purchase Debt	1,157,695	-	790,856	366,839	366,839
General Obligation Bonds -					
District Serial Bonds	118,020,401	-	18,983,799	99,036,602	17,835,896
Premium	9,163,450	-	1,057,041	8,106,409	1,057,041
School Facilities Revenue Bonds-					
FMP Serial Bonds	231,585,000	123,670,000	15,025,000	340,230,000	21,385,000
Premium	27,160,460	24,375,663	3,671,647	47,864,476	3,671,647
Total Long Term Liabilities	<u>\$ 1,296,207,139</u>	<u>\$ 200,168,662</u>	<u>\$ 96,145,431</u>	<u>\$ 1,400,230,370</u>	<u>\$ 57,045,048</u>

\* Balance June 30, 2017, as restated

\*\* Reductions to ERS pension liability is presented net of increases

Compensated absences paid in fiscal year 2017-18 totaled approximately \$5.7 million, excluding payroll taxes. This amount is reflected in maturities/reductions along with any balance remaining from fiscal year 2016-17. The new issues/additions reflect the new long-term liability at June 30, 2018. The General fund is typically used to liquidate all long-term liabilities, as well

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

	<b>Workers' Compensation</b>
Estimated claims June 30, 2016	\$ 24,209,974
Additions 2016-17	5,208,042
Payments 2016-17	4,347,310
Estimated claims June 30, 2017	25,070,706
Additions 2017-18	5,777,532
Payments 2017-18	5,708,525
Estimated claims June 30, 2018	\$ 25,139,713

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

During fiscal 2004-05, the SED issued an advance of lottery revenues in the amount of \$20,000,000 as part of a special legislative initiative to assist with budget constraints. These funds will be repaid over 30 years at 0% interest. The repayments began in fiscal 2005-06 and are 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 more recent years, the District opted out of both programs as of 2016-17. As a result, a TRS loan payable of \$10.2 million at June 30, 2018 will be repaid in five annual installments of \$2.7 million beginning in 2017-18, including interest costs totaling approximately \$1.0 million, with an amount of interest outstanding of \$0.6 million at June 30, 2018. An ERS loan payable totaling \$4.3 million at June 30, 2018 will be repaid in ten annual installments of \$0.7 million, which began in 2015-16. Total interest costs over the life of the loans are projected to be approximately \$1.0 million, with an amount of interest outstanding of \$0.6 million at June 30, 2018.

During 2010-11, the debt associated with Energy Performance upgrade projects was refinanced at an interest rate of 3.06%. A net savings of \$193,617 occurred as a result of the debt refinancing. Final payment of approximately \$0.4 million will be made during fiscal 2018-19.

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 2.50% to 5.521%. School facility revenue bonds are bonds issued for the School Modernization Program (FMP) for which the District's State Aid is pledged. Interest rates are 0% for series 2012B or 5% for all other issues. The original amounts of these bonds outstanding at June 30, 2018 are as follows:

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			2017-18				2017-18
Series	Issue Amount	Maturity Date	Coupon Rate	Series	Issue Amount	Maturity Date	Coupon Rate
<b>RCSD General Obligation Bonds</b>				<b>JSCB School Facility Revenue Bonds</b>			
2008B	10,797,000	10/01/26	3.50	2012A	66,190,000	05/01/22	5.00
2009C1	58,470,000	02/10/24	5.11	2012B	57,910,000	05/01/28	5.00
2009C2	1,710,000	02/10/19	5.521	2013	103,055,000	05/01/30	5.00
2012 I	20,548,000	08/15/27	5.00	2015	44,225,000	05/01/31	5.00
2012 II	5,655,000	08/15/19	2.50	2017	123,670,000	05/01/33	5.00
2012 III	9,640,000	02/15/25	4.00				
2012 IV	7,525,000	10/15/21	4.00				
2012 V	14,965,000	02/15/22	4.00				
2013 II	27,015,000	02/01/29	5.00				
2015 I	18,880,000	08/01/30	5.00				
2016 I	17,271,400	10/15/24	4.00				

As of June 30, 2018, the District had \$26,000,000 of authorized but unissued debt. The debt-contracting margin of the District as of June 30, 2018 was approximately \$75,375,000.

As a result of federal stimulus legislation that was enacted in early 2009, Build America Bonds (BAB) were issued. These bonds offer municipalities a 35% federal subsidy on interest payments on those BABs that are taxable. These subsidies are scheduled to be paid semi-annually through February 2019. On December 30, 2009, the District was issued a taxable BAB in the amount of \$1,710,000, of which \$855,000 is the amount outstanding at June 30, 2018. On March 1, 2013, “sequestration” was enacted in an effort to reduce federal spending. As a result, anticipated subsidies will be reduced by a percentage, as determined annually by the federal government. The District received its first subsidy of \$20,240 in August 2010, and semi-annual payments of \$16,192, less any amounts associated with federal sequestration legislation, thereafter.

The District paid no arbitrage to the Federal Government during 2017-18. 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, 2018:

Fiscal Year Ending June 30	District Principal	District Interest	JSCB Principal	JSCB Interest	Total
2019	\$ 17,836	\$ 3,955	\$ 21,385	\$ 16,534	\$ 59,710
2020	17,131	3,144	22,650	15,465	58,390
2021	15,700	2,361	23,810	14,333	56,204
2022	11,715	1,683	24,920	13,142	51,460
2023	10,050	1,190	25,855	12,122	49,217
2024-28	22,295	2,329	145,840	46,675	217,139
2029-33	4,310	177	75,770	9,810	90,067
	<u>\$ 99,037</u>	<u>\$ 14,839</u>	<u>\$ 340,230</u>	<u>\$ 128,081</u>	<u>\$ 582,187</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, 2018 in the amount of \$47,758,000.

**ROCHESTER CITY SCHOOL DISTRICT  
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**V. OTHER INFORMATION**

**A. Risk Financing**

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

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

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

The District provides to its employees hospitalization, medical, dental, and life insurance through various insurance programs. Effective January 1, 2013, the District transitioned from an experience-rated to a self-funded health insurance plan. These programs are administered by the Department of Employee Benefits. A current liability of \$5,030,000 has been recorded in the District's general fund for estimated health insurance claims expense incurred but not paid during 2017-18.

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, 2018 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 2017-18 that are expected to be paid within the subsequent fiscal year.

	<b>Workers' Compensation</b>	<b>Health Insurance</b>
Estimated claims July 1, 2016	\$ 5,804,539	\$ 4,145,920
Claims incurred 2016-17	4,686,519	78,050,599
Payments and reductions 2016-17	4,980,161	78,626,319
Estimated claims June 30, 2017	\$ 5,510,897	\$ 3,570,200
Estimated claims July 1, 2017	\$ 5,510,897	\$ 3,570,200
Claims incurred 2017-18	6,166,566	82,929,576
Payments and reductions 2017-18	5,668,525	81,469,776
Estimated claims June 30, 2018	\$ 6,008,938	\$ 5,030,000

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A current liability of \$6,008,938 and a non-current liability of \$19,130,775 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. While the District budgets annually for workers' compensation claims, the District has also committed \$2,500,000 of its fund balance for this purpose, which represents approximately 10.0% of the estimated total claims liability.

As mentioned previously, the District became self-insured for health insurance coverage effective January 1, 2013. The District's health insurance is administered by a third party administrator. The District purchases stop loss insurance to reimburse the District for individual claims in excess of \$350,000.

**B. Pension Obligations**

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

**1. Provisions and Administration**

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS), a cost sharing, multiple employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**2. Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For 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, 2018, 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, 2018 for ERS and June 30, 2017 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

	ERS	TRS
Measurement date	03/31/2018	06/30/2017
Net pension asset (liability)	\$ (7,574,216)	\$ 12,287,138
District's portion of the Plan's total net pension liability	0.2346815%	1.616517%
Change in proportionate share since prior measurement date	0.0071989	-0.035317

For the year ended June 30, 2018, the District recognized pension expenses of \$31,581,313, for TRS and \$10,267,106 for ERS, net of deferrals. At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 2,701,477	\$ 10,109,295	\$ 2,232,399	\$ 4,790,613
Changes of assumptions	5,022,331	125,024,016	-	-
Net difference between projected and actual earnings on pension plan investments	11,000,949	-	21,714,769	28,939,763
Changes in proportion and differences between the District's contributions and proportionate share of contributions	3,061,324	4,290,142	201,479	459,977
District's contributions subsequent to the measurement date	2,466,741	27,173,940	-	-
Total	<u>\$ 24,252,822</u>	<u>\$ 166,597,393</u>	<u>\$ 24,148,647</u>	<u>\$ 34,190,353</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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	Year Ended	TRS
3/31/2019	\$ 2,731,678	6/30/2019	\$ 3,533,373
3/31/2020	2,030,619	6/30/2020	33,767,511
3/31/2021	(4,945,095)	6/30/2021	24,360,790
3/31/2022	(2,179,768)	6/30/2022	6,566,254
3/31/2023	-	6/30/2023	24,291,923
Thereafter	-	Thereafter	12,713,249

**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	03/31/18	06/30/17
Actuarial valuation date	04/01/17	06/30/16
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.9% - 4.7%
Decrement tables	04/01/10 - 03/31/15	07/01/09 - 06/30/14
	System's experience	System's experience
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.5%

For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the

**ROCHESTER CITY SCHOOL DISTRICT  
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actuarial assumptions used in the April 1, 2017 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-2014. 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-2014.

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:

Measurement Date Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS	TRS	ERS	TRS
			3/31/2018	6/30/2017
Domestic equities	36.0%	35.0%	4.6%	5.9%
International equities	14.0	18.0	6.4	7.4
Private equity	10.0	8.0	7.5	9.0
Real estate	10.0	11.0	5.6	4.3
Absolute return strategies	2.0	-	3.8	-
Opportunistic portfolio	3.0	-	5.7	-
Real assets	3.0	-	5.3	-
Bond and mortgages	17.0	8.0	1.3	2.8
Cash	1.0	1.0	(0.3)	0.6
Inflation-indexed bonds	4.0	-	1.3	-
Domestic fixed income securities		16.0		1.6
Global fixed income securities		2.0		1.3
High yield income securities		1.0		3.9
Total	<u>100.0%</u>	<u>100.0%</u>		

**5. Discount Rate**

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ROCHESTER CITY SCHOOL DISTRICT  
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**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 7.0% for ERS and 7.25% 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 (6.0% for ERS and 6.25% for TRS) or one percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

<b>ERS</b>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset/(liability)	\$ (57,308,558)	\$ (7,574,216)	\$ 34,499,050

<b>TRS</b>	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset/(liability)	\$ (211,670,987)	\$ 12,287,138	\$ 199,840,950

**7. Pension Plan Fiduciary Net Position**

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

	ERS	TRS
Measurement date	03/31/18	06/30/17
Employers' total pension liability	\$ 183,400,590	\$ 114,708,261
Plan net position	180,173,145	115,468,360
Employers' net pension asset/(liability)	\$ (3,227,445)	\$ 760,099
Ratio of plan net position to the employers' total pension liability	98.2%	100.66%

**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, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on ERS wages multiplied by the contribution rate, by tier. Accrued employer retirement contributions were \$2,466,741, and employee accrued retirement contributions were \$181,632 as of June 30, 2018. 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, 2018, the total outstanding balance for ERS amortization repayments was \$4,311,300.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by a contribution rate of 9.8%, as calculated by the TRS as of the actuarially required rate. Employer accrued retirement contributions were \$27,171,540 and employee accrued retirement contributions were \$2,768,067 as of June 30, 2018. Because the District opted out of the TRS pension amortization program during 2016-17, it will repay prior year

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amortizations in five equal, annual installments which began in the fall of 2017. As of June 30, 2018, the total outstanding balance for TRS amortization repayments was \$10,247,861.

**C. Postemployment Health Care Benefits**

**1. Plan Description**

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

**2. Funding Policy**

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

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

**3. Employees Covered By Benefit Terms**

As of June 30, 2018, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3,255
Inactive employees entitled to but not yet receiving benefit payments	684
Active employees	5,903
Total	9,842

The District's total OPEB liability of \$842,931,761 was measured as of July 1, 2017 and was determined by an actuarial valuation as of June 30, 2018.

**4. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 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	3.50%
Healthcare Cost Trend Rates	8.0% for 2019, with a reduction of 0.5% per year and an ultimate rate of 5.0% in 2025 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.

**ROCHESTER CITY SCHOOL DISTRICT  
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The mortality table used for the current valuation was the RP 2014 Healthy Male and Female Tables based on the Combined Healthy Table for both pre and post-retirement with mortality improvement based on Scale AA projected to the valuation date, plus an additional ten-year mortality improvement projection consistent with current industry trends in the market.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

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

Balance at July 1, 2017		\$ 830,421,446
Changes for the year:		
Service Cost		11,370,042
Interest		28,584,477
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		-
Benefit payments		(27,444,204)
Net changes		<u>12,510,315</u>
Balance at June 30, 2018		<u><u>\$ 842,931,761</u></u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current discount rate.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,033,105,986	\$ 842,931,761	\$ 704,074,475

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 (7.0%) or one percentage point higher (9.0%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates		
	1% Decrease 7% Decreasing to 4%	8% Decreasing to 5%	1% Increase 9% Decreasing to 6%
Total OPEB Liability	\$ 693,048,085	\$ 842,931,761	\$ 1,045,250,534

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2017, the District recognized OPEB expense of \$39,954,519. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Contributions subsequent to the measurement date	21,184,720	-
Total	\$ 21,184,720	\$ -

**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 2017-18, MRA claims totaling \$10,336 were paid by the District and at June 30, 2018, there were thirty 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 near completion and is expected to total \$325.0 million in school renovation expenditures in up to thirteen bonded projects. Authorizing legislation for Phase II was approved in December 2014 for a total cost not to exceed \$435.0 million in four sub-phases (Phase IIA to Phase IID) for the renovation of thirteen school buildings and one district-wide technology project. Construction began in June 2017 and five projects are now sufficiently complete to allow for re-opening of the buildings in September 2018. Anticipated completion of all Phase II projects is in the year 2022. Authorization for Phase III is still in the preliminary stages but could amount to approximately \$560 million in renovations.

Financing of RJSCB Phase II

To date, \$321.0 million in bonds have been issued for a total proceeds amount including premium of \$379.5 million. Series 2017 bonds were issued in July 2017 for \$123.7 million (\$148.5 million total proceeds, including premium). Series 2018 bonds were issued in August 2018 for \$197.3 million (\$231.0 million total proceeds, including premium). These proceeds will be used to finance a portion of the costs of all four sub-phases of this latest Phase.

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$1,550,000 relative to eleven separate cases that were pending as of June 30, 2018.

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, 2018, the District has encumbered approximately \$52,800 in asbestos abatement and air monitoring related contracts for active renovation projects. The District has evaluated and determined that there is no other specific pollution related obligations as of June 30, 2018. As a precaution, as of June 30, 2018 the District has encumbered an additional \$65,000 in funds which could be used for other pollution remediation obligations should the need arise. The District has also recorded a total of \$23,019,990 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 \$2.3 million for the year ended June 30, 2018 and included the Baden Street Settlement, Nazareth College, and the University of Rochester. At June 30, 2018, the District had \$408,500 in outstanding accounts payable with Board affiliated organizations.

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

Capital assets		\$1,133,244,055
Less: Depreciation	\$396,848,074	
Related outstanding debt	<u>470,499,326</u>	
Net investment in capital assets		<u>867,347,400</u>
		<u>\$ 265,896,655</u>

The related outstanding debt comprises the following:

Bonds payable		\$439,266,602
BANs payable		47,758,000
Installment purchase debt		<u>366,839</u>
		487,391,441
Less: Unspent proceeds		<u>(16,892,115)</u>
		<u>\$470,499,326</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

**EMPLOYEES' RETIREMENT PLAN:**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency</b>	<b>District's Employee Payroll</b>	<b>Contributions as a Percentage of Employee Payroll</b>
2008-09	\$ 4,996,727	\$ 4,996,727	\$ -	\$ 48,565,729	10.3%
2009-10	8,308,166	8,308,166	-	51,461,674	16.1
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	10,650,791	10,164,926	485,865	74,549,710	13.6

**TEACHERS' RETIREMENT PLAN:**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Employee Payroll</b>	<b>Contributions as a Percentage of Employee Payroll</b>
2008-09	\$ 20,105,226	\$ 20,105,226	\$ -	\$ 207,893,624	9.7%
2009-10	16,169,411	16,169,411	-	210,781,157	7.7
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

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ERS</b>			
	2014-15	2015-16	2016-17	2017-18
District's proportion of the net pension asset (liability)	0.237995%	0.233961%	0.227483%	0.2346815
District's proportionate share of the net pension asset (liability)	\$ (8,040,052)	\$ (37,551,307)	\$ (21,374,772)	\$ (7,574,216)
District's employee payroll	\$ 67,496,597	\$ 68,559,466	\$ 73,490,258	\$ 73,552,764
District's proportionate share of the net pension asset (liability) as a percentage of its employee payroll	11.9%	52.7%	-29.1%	-10.3%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.9%	90.7%	94.7%	98.2%
	<b>TRS</b>			
	2014-15	2015-16	2016-17	2017-18
District's proportion of the net pension asset (liability)	1.729107%	1.663625%	1.651834%	1.616517%
District's proportionate share of the net pension asset (liability)	\$ 192,611,736	\$ 172,797,638	\$ (17,691,830)	\$ 12,287,138
District's employee payroll	\$ 248,109,334	\$ 253,838,859	\$ 259,214,370	\$ 258,258,210
District's proportionate share of the net pension asset (liability) as a percentage of its employee payroll	77.6%	68.1%	-6.8%	4.8%
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.5%	110.5%	99.0%	100.7%

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 RATIO**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<u><b>2017-18</b></u>
Measurement date	06/30/18
Service cost	\$ 11,370,042
Interest	28,584,477
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(27,444,204)</u>
Net change in total OPEB liability	12,510,315
Total OPEB liability - beginning	<u>830,421,446</u>
Total OPEB liability - ending	<u><u>\$ 842,931,761</u></u>
Covered payroll	\$ 328,621,551
Total OPEB liability as a percentage of covered payroll	256.51%

Note: Information prior to the year ended June 30, 2018 is not 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, 2018**

	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Local Sources:				
Use of Money and Property	\$ 350,000	\$ 596,627	\$ 525,038	\$ (71,589)
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Other	7,823,355	10,976,085	9,134,287	(1,841,798)
State Sources	590,171,399	594,320,675	593,552,311	(768,364)
Federal Sources	2,100,000	2,130,183	5,496,240	3,366,057
<b>Total Revenues</b>	<b>719,544,754</b>	<b>727,123,570</b>	<b>727,807,876</b>	<b>684,306</b>
<b>EXPENDITURES</b>				
Current:				
General Support:				
Staff	5,561,949	7,269,231	7,201,351	67,880
Central Services	40,899,369	40,939,542	40,936,811	2,731
Other	8,468,820	9,822,139	9,758,450	63,689
Instructional				
Teaching -- Regular School	224,262,952	214,176,094	214,170,171	5,923
Special Apportionment Programs	113,059,145	108,364,959	108,190,427	174,532
Other	80,117,172	79,742,344	79,660,810	81,534
Pupil Transportation	74,778,632	76,616,522	76,602,615	13,907
Community Services	552,049	591,664	574,703	16,961
Employee Benefits				
Retirement	29,534,000	35,022,320	34,816,409	205,911
Social Security	21,248,000	22,604,741	22,604,142	599
Health Insurance	69,157,624	76,337,131	75,513,835	823,296
Workers' Compensation	3,481,500	4,797,625	4,762,360	35,265
Other	5,396,477	4,758,844	3,679,660	1,079,184
Debt Service	4,202,890	4,582,104	4,578,557	3,547
<b>Total Expenditures</b>	<b>680,720,579</b>	<b>685,625,260</b>	<b>683,050,301</b>	<b>2,574,959</b>
<b>Excess of Revenues Over Expenditures</b>	<b>38,824,175</b>	<b>41,498,310</b>	<b>44,757,575</b>	<b>3,259,265</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	9,919,307	6,815,833	4,564,376	(2,251,457)
Transfers Out	(68,743,482)	(65,814,143)	(65,814,141)	2
<b>Total Other Financing Sources (Uses)</b>	<b>(58,824,175)</b>	<b>(58,998,310)</b>	<b>(61,249,765)</b>	<b>(2,251,455)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses Budget Basis</b>	<b>\$ (20,000,000)</b>	<b>\$ (17,500,000)</b>	<b>(16,492,190)</b>	<b>\$ 1,007,810</b>
Encumbrances Included in Actual			456,931	
<b>Excess of Revenues and Other Sources Over Expenditures, Encumbrances and Other Uses</b>			<b>(16,035,259)</b>	
Expenditure of Prior Years' Encumbrances			(146,680)	
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>			<b>(16,181,939)</b>	
<b>Fund Balance -- Beginning of Year</b>			<b>65,818,305</b>	
<b>Fund Balance -- End of Year</b>			<b>\$ 49,636,366</b>	

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, 2018**

	<b>Special Aid Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Local Sources	\$ 4,997,310	\$ 6,622,294	\$ 3,511,217	\$ (3,111,077)
State Sources	55,734,981	75,899,525	67,374,722	(8,524,803)
Federal Sources	50,160,025	58,612,746	51,766,749	(6,845,997)
<b>Total Revenues</b>	<b>110,892,316</b>	<b>141,134,565</b>	<b>122,652,688</b>	<b>(18,481,877)</b>
<b>EXPENDITURES</b>				
Current:				
General Support				
Central Services	60	1,580,538	310,313	1,270,225
Other	2,575,836	3,435,710	1,416,699	2,019,011
Instructional				
Teaching -- Regular School	47,853,523	58,178,392	51,310,365	6,868,027
Special Apportionment Programs	19,454,715	23,269,655	22,821,946	447,709
Other	17,830,210	26,489,964	22,484,838	4,005,126
Pupil Transportation	1,326,575	2,307,813	2,046,690	261,123
Community Services	1,235,315	3,170,040	1,659,114	1,510,926
Employee Benefits				
Retirement	6,498,806	6,280,767	5,210,069	1,070,698
Social Security	3,498,053	4,181,894	3,907,878	274,016
Health Insurance	9,643,341	10,384,693	9,713,604	671,089
Workers' Compensation	728,951	912,088	829,989	82,099
Other	246,931	393,658	391,830	1,828
<b>Total Expenditures</b>	<b>110,892,316</b>	<b>140,585,212</b>	<b>122,103,335</b>	<b>18,481,877</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>549,353</b>	<b>549,353</b>	<b>-</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	1,268,647	1,268,647	-
Transfers Out	-	(1,818,000)	(1,818,000)	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(549,353)</b>	<b>(549,353)</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance -- Beginning of Year</b>			<b>-</b>	
<b>Fund Balance -- End of Year</b>			<b>\$ -</b>	

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, 2018**

	<u>School Food Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>				
Local Sources				
Other	\$ 200,000	\$ 365,684	\$ 365,684	\$ -
State Sources	579,000	534,871	534,871	-
Federal Sources	22,221,000	22,130,729	22,130,728	(1)
<b>Total Revenues</b>	<u>23,000,000</u>	<u>23,031,284</u>	<u>23,031,283</u>	<u>(1)</u>
<b>EXPENDITURES</b>				
General Support				
Other	19,047,600	19,517,782	19,517,781	1
Employee Benefits				
Retirement	1,068,000	1,014,970	1,014,970	-
Social Security	530,400	555,546	555,546	-
Health Insurance	2,180,000	2,051,116	2,051,116	-
Workers' Compensation	115,000	120,560	120,560	-
Other	59,000	60,684	60,684	-
<b>Total Expenditures</b>	<u>23,000,000</u>	<u>23,320,658</u>	<u>23,320,657</u>	<u>1</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>(289,374)</u>	<u>(289,374)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Appropriation of Prior Year Fund Balance</b>	<u>-</u>	<u>289,374</u>	<u>-</u>	<u>(289,374)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures -- Budget Basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(289,374)</u>	<u>\$ (289,374)</u>
<b>Fund Balance -- Beginning of Year</b>			1,522,049	
<b>Fund Balance -- End of Year</b>			<u>\$ 1,232,675</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, 2018**

**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 significant increase in the actuarial loss of \$286.005 million is primarily due to the prescribed changes under GASB 75 as compared to GASB 45: a change in discount rate from 4.0% to 3.5%, updated aging assumptions, and a change in actuarial cost method from Projected Unit Credit to Entry Age Normal as a Percentage of Payroll. Additionally, an increase in headcount since the prior valuation occurred.

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. In addition, the discount factor has varied from 7.5% to 7.0% over the past four years.

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**SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES**

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**ROCHESTER CITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(continued next page)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Revenues</u>	<u>Over (Under) Amended Budget</u>
<b>Revenues</b>				
Local Sources:				
Use of Money and Property	\$ 350,000	\$ 596,627	\$ 525,038	\$ (71,589)
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Charges for Services	2,913,666	2,070,775	2,163,057	92,282
Miscellaneous	4,909,689	8,905,310	6,971,230	(1,934,080)
State Sources	590,171,399	594,320,675	593,552,311	(768,364)
Federal Sources	2,100,000	2,130,183	5,496,240	3,366,057
<b>Total Revenues</b>	<u>719,544,754</u>	<u>727,123,570</u>	<u>727,807,876</u>	<u>684,306</u>
<b>Other Sources</b>				
Transfers in	9,919,307	6,815,833	4,564,376	(2,251,457)
<b>Total Other Sources</b>	<u>9,919,307</u>	<u>6,815,833</u>	<u>4,564,376</u>	<u>(2,251,457)</u>
<b>Total Revenues and Other Sources</b>	<u>\$ 729,464,061</u>	<u>\$ 733,939,403</u>	<u>\$ 732,372,252</u>	<u>\$ (1,567,151)</u>

(continued next page)

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>
General Support:		
Staff	\$ 5,561,949	\$ 7,269,231
Central Services	40,899,369	40,939,542
Board of Education	604,208	583,776
Central Administration	990,600	788,452
Finance	4,829,011	5,035,214
Other	2,045,000	3,414,697
Instructional		
Teaching - Regular School	224,262,952	214,176,094
Programs for Children with Handicapping Condit	106,527,138	103,177,865
Occupational Education	6,532,008	5,187,094
Instruction, Administration and Improvement	43,293,017	44,506,753
Teaching - Special Schools	3,135,400	2,430,569
Instructional Media	5,457,437	5,854,880
Pupil Services	28,231,318	26,950,142
Pupil Transportation	74,778,632	76,616,522
Community Services	552,049	591,664
Employee Benefits:		
Retirement	29,534,000	35,022,320
Social Security	21,248,000	22,604,741
Health Insurance	69,157,624	76,337,131
Workers' Compensation	3,481,500	4,797,625
Other	5,396,477	4,758,844
Debt Service		
Principal	3,277,177	4,582,104
Interest	925,713	-
<b>Total Expenditures</b>	<u>680,720,579</u>	<u>685,625,260</u>
<b>Other Uses</b>		
Transfers Out	68,743,482	65,814,143
<b>Total Expenditures and Other Uses</b>	<u>749,464,061</u>	<u>751,439,403</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>\$ (20,000,000)</u>	<u>\$ (17,500,000)</u>

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<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
\$ 7,201,351	\$ -	\$ 67,880
40,888,006	48,805	2,731
569,721	-	14,055
756,452	-	32,000
5,027,626	-	7,588
3,402,823	-	11,874
214,066,541	103,630	5,923
103,174,658	321	2,886
5,015,449	-	171,645
44,490,489	1,828	14,436
2,395,224	-	35,345
5,822,385	31,767	728
26,798,612	122,333	29,197
76,454,368	148,247	13,907
574,703	-	16,961
34,816,409	-	205,911
22,604,142	-	599
75,513,835	-	823,296
4,762,360	-	35,265
3,679,660	-	1,079,184
3,642,177	-	939,927
936,379	-	(936,379)
682,593,370	456,931	2,574,959
65,814,141	-	2
748,407,511	\$ 456,931	\$ 2,574,961
\$ (16,035,259)		

**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, 2018**

<b>Debt Service Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>REVENUES</b>				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ -	\$ 713,486	\$ 713,486	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>713,486</b>	<b>713,486</b>	<b>-</b>
<b>EXPENDITURES</b>				
Debt Service	57,643,482	54,545,494	54,545,494	-
<b>Total Expenditures</b>	<b>57,643,482</b>	<b>54,545,494</b>	<b>54,545,494</b>	<b>-</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(57,643,482)</b>	<b>(53,832,008)</b>	<b>(53,832,008)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources:				
Transfers In	57,643,482	54,545,494	54,545,494	-
Uses:				
Transfers Out	-	(713,486)	(713,486)	-
<b>Total Other Financing Sources (Uses)</b>	<b>57,643,482</b>	<b>53,832,008</b>	<b>53,832,008</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance -- Beginning of Year</b>			<b>-</b>	
<b>Fund Balance -- End of Year</b>			<b>\$ -</b>	

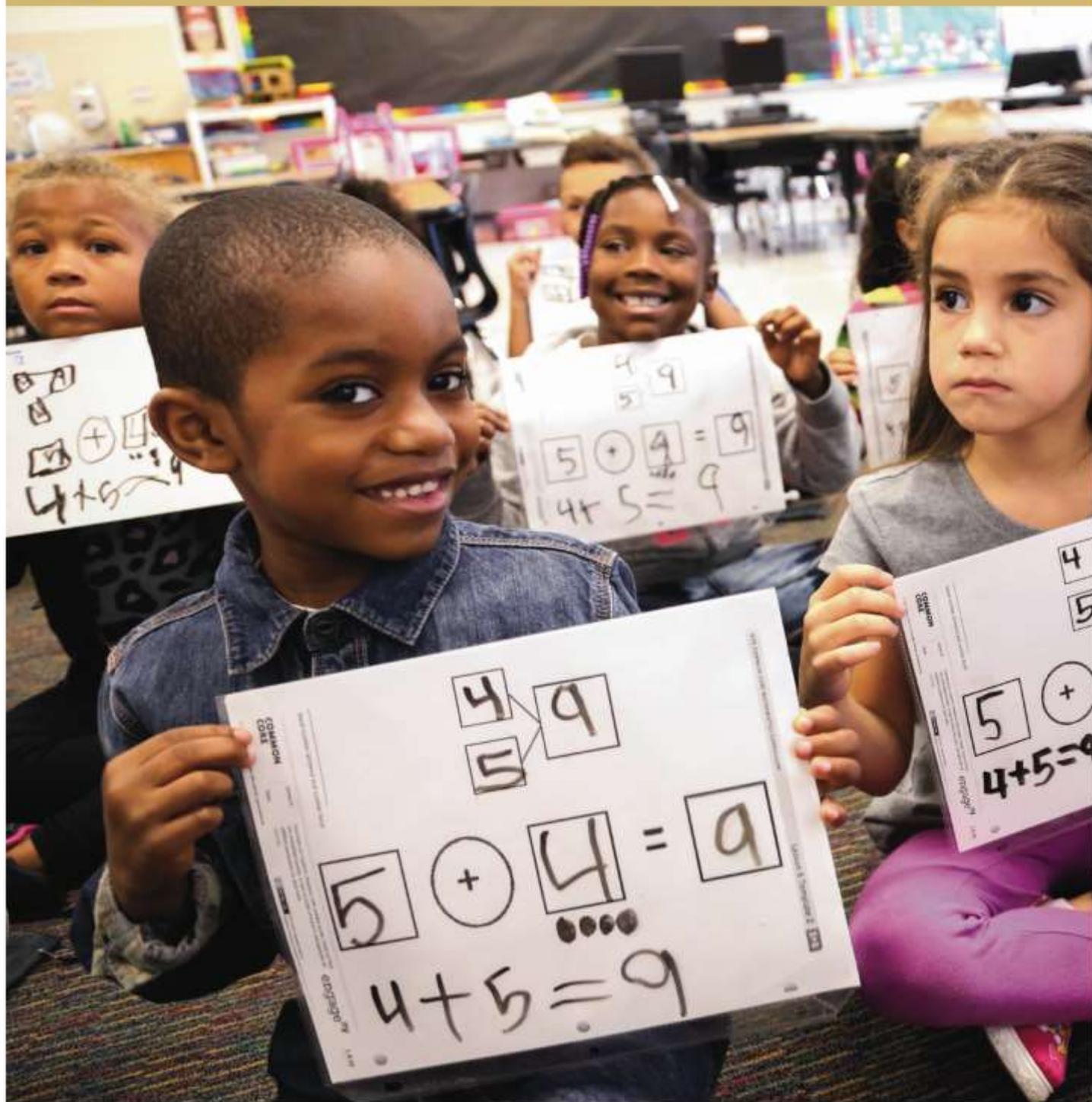
**ROCHESTER CITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Ordinance Number	Project Title	Appropriated & Issued	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
14-372	Facility Capital Improvements	\$ 16,025,000	\$ 12,000,000	\$ 4,025,000	\$ -
14-243	Facility Capital Improvements	3,700,000	3,600,000	100,000	-
16-066	Facility Capital Improvements	12,592,000	7,600,000	4,992,000	-
17-061	Facility Capital Improvements	10,000,000	-	8,764,820	1,235,180
	Smart Schools Bond Act	20,083,540	-	17,727,549	2,355,991
	Accrued Capital Improvements	27,775	3,769,711	(178,400)	(3,563,536)
	Cash - Capital Improvements	26,130,926	-	8,653,815	17,477,111
	<b>Totals</b>	<b>\$ 88,559,241</b>	<b>\$ 26,969,711</b>	<b>\$ 44,084,784</b>	<b>\$ 17,504,746</b>

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# 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 92-98) – 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 99-102) – These schedules contain information to help the reader assess the District's most significant local revenue sources.
- ◆ Debt Capacity (Page 103-107) – 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 108-109) – 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 110-114) – 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net investment in capital assets	\$ 231,461,078	\$ 227,098,515	\$ 224,868,075	\$ 226,080,564	\$ 231,321,889
Restricted for Capital Expenditures	-	-	-	-	-
Restricted for Debt Service	-	-	-	-	4,735,764
Restricted for Revolving Loan Program	-	-	-	-	-
Unrestricted (Deficit)	<u>(70,682,248)</u>	<u>(78,288,628)</u>	<u>(133,132,558)</u>	<u>(142,832,981)</u>	<u>(175,570,496)</u>
Total governmental activities net position	<u>\$ 160,778,830</u>	<u>\$ 148,809,887</u>	<u>\$ 91,735,517</u>	<u>\$ 83,247,583</u>	<u>\$ 60,487,157</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net investment in capital assets	\$ 226,882,367	\$ 220,389,578	\$ 218,698,255	\$ 223,450,428	\$ 265,896,655
Restricted for Capital Expenditures	47,508,944	60,270,989	13,069,585	-	-
Restricted for Debt Service	655,408	320,406	8,162,364	5,573,029	8,416,554
Restricted for Revolving Loan Program	-	-	-	100,024	100,000
Unrestricted (Deficit)	<u>(229,176,646)</u>	<u>(192,505,073)</u>	<u>(134,530,235)</u>	<u>(150,528,156)</u>	<u>(770,515,499)</u>
Total governmental activities net position	<u>\$ 45,870,073</u>	<u>\$ 88,475,900</u>	<u>\$ 105,399,969</u>	<u>\$ 78,595,325</u>	<u>\$ (496,102,290)</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenditures</b>				
General Support:				
Board of Education	\$ 678,153	\$ 700,462	\$ 845,542	\$ 937,364
Chief School Administrator	3,263,226	2,625,789	2,935,381	823,745
Finance	5,781,686	6,060,425	6,446,125	5,624,636
Staff	6,987,989	7,030,907	7,813,587	6,337,641
Central Services	74,596,293	75,301,682	74,794,471	71,636,605
Other	3,617,425	9,593,834	5,533,657	6,461,292
Total General Support	<u>94,924,772</u>	<u>101,313,099</u>	<u>98,368,763</u>	<u>91,821,283</u>
Instruction:				
Administration and Improvement	76,490,377	76,364,476	76,115,320	66,516,877
Teaching	420,456,795	422,444,062	444,285,066	422,176,283
Instructional Media	10,053,812	11,110,860	12,127,840	9,361,416
Pupil Services	32,319,277	32,250,202	32,369,551	36,379,149
Other	-	-	-	-
Total Instruction	<u>539,320,261</u>	<u>542,169,600</u>	<u>564,897,777</u>	<u>534,433,725</u>
Pupil Transportation	60,121,041	55,139,810	60,056,572	59,602,833
Community Services	7,273,466	6,965,346	7,143,070	3,642,674
Interest on Long-Term Debt	7,855,374	7,729,302	8,283,576	7,502,523
Depreciation-Unallocated	-	-	-	-
Total Expenditures	<u>709,494,914</u>	<u>713,317,157</u>	<u>738,749,758</u>	<u>697,003,038</u>
<b>Program Revenues</b>				
Charges for Services:				
Central Services	15,987,282	1,032,158	784,618	954,589
Teaching	1,384,364	1,636,777	1,279,395	1,539,574
Operating Grants and Contributions	95,492,259	101,612,225	107,490,316	103,192,159
Total Program Revenues	<u>112,863,905</u>	<u>104,281,160</u>	<u>109,554,329</u>	<u>105,686,322</u>
<b>Net (Expense)/Revenue</b>	<u>(596,631,009)</u>	<u>(609,035,997)</u>	<u>(629,195,429)</u>	<u>(591,316,716)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Intergovernmental (Unrestricted)	119,100,000	119,100,000	119,100,000	119,100,000
Use of Money & Property	2,449,722	4,768,568	560,906	635,161
Interfund Reimbursements	-	-	-	-
State & Federal Aid	385,981,017	408,172,635	381,842,297	396,973,771
Lottery Aid	55,584,823	56,900,547	63,411,761	59,355,281
Miscellaneous	19,528,428	8,125,304	7,206,095	6,764,569
Total General Revenues and Other Changes in Net Position	<u>582,643,990</u>	<u>597,067,054</u>	<u>572,121,059</u>	<u>582,828,782</u>
<b>Change in Net Position</b>	<u>\$ (13,987,019)</u>	<u>\$ (11,968,943)</u>	<u>\$ (57,074,370)</u>	<u>\$ (8,487,934)</u>

2013	2014	2015	2016	2017	2018
\$ 804,532	\$ 968,455	\$ 811,972	\$ 1,184,391	\$ 826,611	\$ 774,805
1,018,962	1,183,391	947,164	2,509,063	1,254,537	998,319
5,957,755	7,449,533	6,165,866	7,418,291	7,166,275	6,916,873
6,016,143	6,959,452	5,948,881	7,755,959	8,664,357	8,850,997
74,430,768	81,900,706	77,142,220	82,909,676	84,582,223	78,707,382
8,665,885	8,255,958	4,951,793	4,814,857	5,578,543	8,450,919
96,894,045	106,717,495	95,967,896	106,592,237	108,072,546	104,699,295
73,712,391	70,286,652	74,179,100	67,388,814	74,173,631	74,114,750
434,230,713	416,521,090	462,945,545	477,002,393	534,213,686	554,886,851
9,222,737	8,688,549	9,922,632	9,349,425	10,075,991	9,907,240
36,650,565	36,102,054	40,050,199	40,769,018	46,122,793	46,822,107
-	-	-	-	-	-
553,816,406	531,598,345	587,097,476	594,509,650	664,586,101	685,730,948
65,325,728	68,990,845	70,433,794	77,363,591	80,517,980	80,333,612
2,604,672	3,036,392	3,419,962	3,124,667	2,496,464	2,856,383
12,532,896	17,598,994	17,931,983	18,814,372	18,286,259	22,575,674
-	-	-	-	-	-
731,173,747	727,942,071	774,851,111	800,404,517	873,959,350	896,195,912
771,124	108,583	135,478	276,366	302,180	365,684
1,408,777	1,605,929	1,593,999	1,962,993	2,237,536	2,265,157
101,980,675	107,816,885	109,228,469	113,987,817	118,232,454	122,652,688
104,160,576	109,531,397	110,957,946	116,227,176	120,772,170	125,283,529
(627,013,171)	(618,410,674)	(663,893,165)	(684,177,341)	(753,187,180)	(770,912,383)
119,100,000	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
283,477	259,181	682,214	753,878	969,347	1,893,078
-	-	-	-	-	-
413,568,396	454,984,197	462,719,362	497,713,112	527,620,451	571,846,027
63,012,095	66,698,736	69,627,693	68,357,659	70,014,974	70,618,330
8,288,777	6,395,864	10,725,335	15,176,761	8,677,764	6,899,669
604,252,745	647,437,978	662,854,604	701,101,410	726,382,536	770,357,104
\$ (22,760,426)	\$ 29,027,304	\$ (1,038,561)	\$ 16,924,069	\$ (26,804,644)	\$ (555,279)

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

(continued next page)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ 2,293,454	\$ 39,546	\$ 4,405,058	\$ 6,589,163
Restricted	-	-	-	-
Committed	-	-	-	32,588,485
Assigned	42,234,704	58,297,595	40,728,264	21,995,142
Unassigned	15,694,610	19,064,883	26,557,687	19,188,648
Total General Fund	<u>\$ 60,222,768</u>	<u>\$ 77,402,024</u>	<u>\$ 71,691,009</u>	<u>\$ 80,361,438</u>
All Other Governmental Funds				
Nonspendable	\$ 448,225	\$ 458,729	\$ 99,138	\$ 311,363
Restricted	-	-	-	-
Assigned	1,559,873	1,436,907	871,767	118,409,508
Committed	-	-	-	-
Unassigned, Reported In:				
Capital Projects Fund	(40,133,564)	9,502,422	(258,865)	(9,227,636)
RJSCB Fund	-	-	-	-
Miscellaneous Special Revenue	-	-	(2,683,335)	-
Total All Other Governmental Funds	<u>\$ (38,125,466)</u>	<u>\$ 11,398,058</u>	<u>\$ (1,971,295)</u>	<u>\$ 109,493,235</u>
Total All Governmental Funds	<u>\$ 22,097,302</u>	<u>\$ 88,800,082</u>	<u>\$ 69,719,714</u>	<u>\$ 189,854,673</u>

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 5,408,822	\$ 9,015,204	\$ 9,658,416	\$ 360,810	\$ 1,139,063	\$ 396,992
4,735,764	655,408	320,406	8,162,364	5,573,029	8,416,554
32,588,485	32,588,485	26,452,769	27,694,297	26,889,758	7,500,000
21,357,946	20,309,554	19,760,663	25,677,162	23,594,548	26,956,931
19,342,801	14,571,175	10,406,729	8,935,385	8,621,907	6,365,889
<u>\$ 83,433,818</u>	<u>\$ 77,139,826</u>	<u>\$ 66,598,983</u>	<u>\$ 70,830,018</u>	<u>\$ 65,818,305</u>	<u>\$ 49,636,366</u>
\$ 328,690	\$ 324,307	\$ 424,100	\$ 612,612	\$ 698,236	\$ 614,113
-	47,508,944	60,270,989	13,069,585	100,024	100,000
180,847,158	1,126,667	2,194,903	547,112	829,246	149,453
-	-	-	-	150,000	789,084
-	10,584,466	(5,664,911)	(1,938,251)	(19,204,786)	(30,253,254)
-	-	37,848	-	(27,896,351)	(10,304,861)
-	-	-	-	-	-
<u>\$ 181,175,848</u>	<u>\$ 59,544,384</u>	<u>\$ 57,262,929</u>	<u>\$ 12,291,058</u>	<u>\$ (45,323,631)</u>	<u>\$ (38,905,465)</u>
<u>\$ 264,609,666</u>	<u>\$ 136,684,210</u>	<u>\$ 123,861,912</u>	<u>\$ 83,121,076</u>	<u>\$ 20,494,674</u>	<u>\$ 10,730,901</u>

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

(continued next page)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 2,449,722	\$ 4,768,568	\$ 560,907	\$ 635,161
Intergovernmental	119,100,000	119,100,000	119,100,000	119,100,000
Other	16,191,725	15,986,384	10,777,116	12,165,277
State Sources	485,631,182	455,650,093	445,210,158	465,764,197
Federal Sources	72,673,518	107,728,741	104,692,597	89,528,198
Surplus Food	925,780	929,925	932,137	1,018,851
Sales	911,798	576,984	402,473	303,420
Total Revenues	<u>697,883,725</u>	<u>704,740,695</u>	<u>681,675,388</u>	<u>688,515,104</u>
<b>Expenditures</b>				
General Support:				
Staff	6,672,969	6,762,646	7,179,406	6,260,911
Central Services	47,594,354	49,382,721	47,243,300	46,538,877
Other	21,578,298	27,687,396	24,116,618	23,116,314
Instructional:				
Teaching - Regular School	222,394,714	225,292,202	236,502,568	235,738,366
Special Apportionment Programs	137,509,226	142,065,048	136,643,687	135,977,745
Other	133,518,980	134,904,890	131,741,908	129,632,899
Pupil Transportation	56,587,073	52,287,872	54,614,418	58,064,582
Community Services	7,124,911	6,773,889	6,844,001	3,479,242
Cost of Sales	6,960,822	7,211,720	7,454,503	7,930,286
Debt Service:				
Principal	14,779,453	13,578,018	18,385,022	18,127,741
Interest	8,009,606	6,790,890	8,984,972	7,190,572
Bond Issuance Costs	-	-	-	-
Capital Outlay	49,163,770	26,791,121	22,679,746	31,277,855
Total Expenditures	<u>711,894,176</u>	<u>699,528,413</u>	<u>702,390,149</u>	<u>703,335,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,010,451)	5,212,282	(20,714,761)	(14,820,286)
<b>Other Financing Sources (Uses)</b>				
Debt Proceeds	-	-	-	-
Refunding Bonds	-	-	-	-
Premium - Refunding Bonds	-	-	-	-
Premium - BAN and Bond Issuance	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Long-term Debt	2,043,200	61,490,498	1,634,393	134,955,245
Transfers In	30,711,359	58,286,742	33,153,924	37,096,372
Transfers Out	(30,711,359)	(58,286,742)	(33,153,924)	(37,096,372)
Total Other Financing Sources (Uses)	<u>2,043,200</u>	<u>61,490,498</u>	<u>1,634,393</u>	<u>134,955,245</u>
Net Change in Fund Balances	<u>\$ (11,967,251)</u>	<u>\$ 66,702,780</u>	<u>\$ (19,080,368)</u>	<u>\$ 120,134,959</u>
Debt Service as a Percentage of Noncapital Expenditures	3.40%	3.00%	3.99%	3.71%

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 283,477	\$ 259,181	\$ 682,214	\$ 3,001,530	\$ 969,347	\$ 1,893,078
119,100,000	119,100,000	119,101,443	119,142,222	119,957,026	119,127,776
10,880,816	11,635,498	13,360,146	15,710,271	12,987,995	12,886,954
485,713,741	530,317,736	550,167,576	592,465,795	636,475,355	681,545,444
91,398,802	94,495,300	86,754,441	82,818,077	74,434,777	78,298,546
942,062	1,078,482	1,128,449	1,415,119	1,536,902	1,095,171
94,423	83,178	83,509	132,022	126,639	126,997
<u>708,413,321</u>	<u>756,969,375</u>	<u>771,277,778</u>	<u>814,685,036</u>	<u>846,488,041</u>	<u>894,973,966</u>
5,906,382	5,945,247	6,074,754	7,472,227	8,066,322	9,137,095
48,276,855	50,247,733	49,268,550	50,836,398	49,530,175	51,067,583
26,068,647	27,484,179	24,917,805	26,080,581	26,837,116	28,764,006
244,680,729	254,351,913	260,566,367	273,448,551	286,448,066	308,072,512
139,182,252	143,521,920	146,005,189	150,269,672	156,256,759	160,070,812
136,515,099	146,998,875	162,786,514	159,549,959	168,260,414	172,478,037
63,362,758	66,443,629	68,165,552	73,763,974	76,580,595	81,216,295
2,446,372	2,882,036	3,293,117	3,015,541	2,388,263	2,762,393
8,861,406	7,994,917	8,521,647	11,651,513	10,122,887	10,016,753
33,554,888	22,556,679	30,410,967	33,662,091	40,565,877	37,650,976
13,921,980	17,332,137	17,630,531	18,905,423	18,437,402	21,473,074
2,091,497	-	-	-	109,618	2,073,684
102,472,252	139,640,040	59,866,645	66,769,942	69,871,162	170,925,182
<u>827,341,117</u>	<u>885,399,305</u>	<u>837,507,638</u>	<u>875,425,872</u>	<u>913,474,656</u>	<u>1,055,708,402</u>
(118,927,796)	(128,429,930)	(66,229,860)	(60,740,836)	(66,986,615)	(160,734,436)
738,164	504,474	53,407,562	20,000,000	435,000	123,670,000
37,785,000	-	-	-	17,271,400	-
3,309,791	-	-	-	2,049,053	-
20,780,819	-	-	-	269,760	24,375,663
(22,730,000)	-	-	-	(15,665,000)	-
153,799,015	-	-	-	-	-
46,564,991	54,001,937	59,105,658	59,889,534	63,298,269	75,871,517
<u>(46,564,991)</u>	<u>(54,001,937)</u>	<u>(59,105,658)</u>	<u>(59,889,534)</u>	<u>(63,298,269)</u>	<u>(72,946,517)</u>
<u>193,682,789</u>	<u>504,474</u>	<u>53,407,562</u>	<u>20,000,000</u>	<u>4,360,213</u>	<u>150,970,663</u>
<u>\$ 74,754,993</u>	<u>\$ (127,925,456)</u>	<u>\$ (12,822,298)</u>	<u>\$ (40,740,836)</u>	<u>\$ (62,626,402)</u>	<u>\$ (9,763,773)</u>
6.50%	5.29%	6.02%	6.49%	6.92%	6.81%

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

Fiscal Year	Assessed Value	Real Property - Total Direct Tax Rate per \$1,000 <sup>1</sup>		Estimated Actual Value	Assessed Value as a Percentage of Actual Value <sup>2</sup>	Total Direct Rate Applied to Base
		Homestead	Non-Homestead			
2009	\$ 5,747,600	\$20.57	\$40.67	\$ 5,774,161	99.54%	2.86%
2010	5,777,374	19.61	41.69	5,815,723	99.34%	2.85%
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%

Source: City Assessors' Office

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

<sup>2</sup> Special Equalization Ratios established by New York State Office of Real Property Services.

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

Fiscal Year Ended June 30	Class <sup>1</sup>	City of Rochester <sup>2</sup>			Overlapping	Total Direct & Overlapping Rate
		School Purposes	General Municipal Purposes	Total Direct Rate	Monroe County <sup>3</sup>	
2009	Homestead	14.98	5.59	20.57	9.20	29.77
	Non-Homestead	29.74	10.93	40.67	9.20	49.87
2010	Homestead	14.28	5.33	19.61	9.20	28.81
	Non-Homestead	30.48	11.21	41.69	9.20	50.89
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

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

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

<sup>3</sup> Information provided by the Monroe County Treasury.

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

	<b>2018</b>			<b>2009</b>		
	<b>Taxable Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value <sup>1</sup></b>	<b>Taxable Value <sup>2</sup></b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value <sup>2</sup></b>
Rochester Gas and Electric Corporation	\$ 905,995	1	14.05%	\$ 636,035	1	11.18%
Buckingham Properties	73,931	2	1.15%	33,025	4	0.58%
Eastman Kodak Company	59,878	3	0.93%	78,852	2	1.39%
Frontier Telephone Corporation	54,494	4	0.84%	75,736	3	1.33%
CSX	25,523	5	0.40%	15,105	10	0.27%
Clinton Asset Holding	25,000	6	0.39%	-	-	-
Maguire Family Properties	21,422	7	0.33%	18,943	5	0.33%
Anthony Dimarzo	15,018	8	0.23%	-	-	-
Carestream Health Incorporated	12,859	9	0.20%	-	-	-
Farash Corporation	11,600	10	0.18%	16,556	7	0.29%
Chase Manhattan	-	-	-	18,670	6	0.33%
NK - TCC Property, LLC	-	-	-	16,296	8	0.29%
Landsman Development Corporation	-	-	-	15,126	9	0.27%
<b>Totals</b>	<b>\$ 1,205,720</b>		<b>18.70%</b>	<b>\$ 924,344</b>		<b>16.26%</b>

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

<sup>1</sup> The total taxable assessed value of \$6,450,303,764 was used for fiscal year 2017-18 taxes.

<sup>2</sup> The total taxable assessed value of \$5,690,818,080 was used for fiscal year 2008-09 taxes.

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy
2009	\$ 196,088	\$ 181,218	92.42%	\$ 7,823	\$ 189,041	96.41%
2010	197,219	182,281	92.43	8,965	191,246	96.97
2011	201,211	185,325	92.10	9,360	194,685	96.76
2012	205,558	189,505	92.19	9,919	199,424	97.02
2013	206,013	190,291	92.37	11,322	201,613	97.86
2014	206,188	191,616	92.93	10,922	202,538	98.23
2015	213,694	198,289	92.79	11,131	209,420	98.00
2016	213,823	198,982	93.06	10,285	209,267	97.87
2017	217,466	203,176	93.43	9,935	213,111	98.00
2018	219,298	205,190	93.57	N/A	205,190	93.57

Notes:

- (1) Tax exempt properties with an assessed value of \$721,066,550 made payments in lieu of taxes amounting to \$13,583,312 for the fiscal year ending June 30, 2018. If these properties had been fully taxable, total revenues would have increased by \$13,723,885. 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.

Source: City of Rochester, Department of Finance.

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

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>School Facility Revenue Bonds</b>	<b>Bond Premiums</b>	<b>Special Program &amp; School Purpose Revenue Bonds</b>	<b>Installment Purchase Contracts</b>	<b>Total</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
2009	\$ 116,050,555	\$ -	\$ -	\$ 6,908,903	\$ 18,154,697	\$ 141,114,155	0.47%	190
2010	166,374,111	-	-	4,142,064	16,657,111	187,173,286	0.60	251
2011	152,489,769	-	-	2,821,052	15,035,509	170,346,330	0.52	228
2012	262,655,400	-	-	1,435,796	12,465,626	276,556,822	0.80	370
2013	171,813,000	227,155,000	33,940,930	-	11,971,682	444,880,612	1.23	593
2014	155,400,000	223,810,000	31,679,985	-	9,556,959	420,446,944	1.22	561
2015	137,920,000	257,970,000	38,181,490	-	6,855,376	440,926,866	1.23	588
2016	139,270,000	245,880,000	37,480,065	-	4,010,017	426,640,082	1.18	571
2017	118,020,401	231,585,000	36,323,910	-	1,157,695	387,087,006	1.07	517
2018	99,036,602	340,230,000	55,970,885	-	366,839	495,604,326	1.38	663

<sup>1</sup> Personal Income figures from US Dept of Commerce Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov). Prior year data used for current year.

<sup>2</sup> Population figures from US Census Bureau; prior year data used for current year.

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

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<b>Fiscal Year</b>	<b>Total General Obligation Debt - District</b>	<b>Total General Obligation Debt - FMP</b>	<b>Premiums</b>	<b>Less: Amounts Available for Debt</b>	<b>Total - Net Bonded Debt</b>	<b>Percentage of Assessed Value of Property</b>	<b>Per Capita<sup>1</sup></b>
2008-09	\$ 116,050,555	\$ -	\$ -	\$ -	\$ 116,050,555	2.02%	156
2009-10	166,374,111	-	-	-	166,374,111	2.88	224
2010-11	152,489,769	-	-	-	152,489,769	2.64	205
2011-12	262,655,400	-	-	-	262,655,400	4.54	351
2012-13	171,813,000	227,155,000	33,940,930	4,735,764	428,173,166	7.24	571
2013-14	155,400,000	223,810,000	31,679,985	655,408	410,234,577	6.92	547
2014-15	137,920,000	257,970,000	38,181,490	320,406	433,751,084	7.26	579
2015-16	139,270,000	245,880,000	37,480,065	2,247,652	420,382,413	7.02	562
2016-17	118,020,401	231,585,000	36,323,910	5,573,029	380,356,282	5.86	509
2017-18	99,036,602	340,230,000	55,970,885	8,416,554	486,820,933	7.54	652

<sup>1</sup> Population figures from the US Dept of Commerce [www.bea.gov](http://www.bea.gov); current year and prior year data not available; 2016 data used for 2017 and 2018.

**ROCHESTER CITY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2018**

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Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
<b>Direct Debt:</b>			
Rochester City School District	\$ 495,604,326	100.00%	\$ 495,604,326
Sub Total - Direct Debt	<u>495,604,326</u>		<u>495,604,326</u>
<b>Overlapping Debt:</b>			
City of Rochester	97,306,621	100.00%	97,306,621
County of Monroe	555,244,376	15.15%	84,119,523
Sub Total - Overlapping Debt	<u>652,550,997</u>		<u>181,426,144</u>
<b>Total Direct and Overlapping Debt:</b>	<u>\$ 1,148,155,323</u>		<u>\$ 677,030,470</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 (15.15%) 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
2009	\$ 203,319,911	\$ 199,065,280	\$ 4,254,631	2.09%
2010	205,972,509	192,456,711	13,515,798	2.07
2011	206,453,503	177,809,769	28,643,734	13.87
2012	206,455,928	173,717,400	32,738,528	15.86
2013	206,975,273	171,813,000	35,162,273	16.99
2014	206,974,677	159,400,000	47,574,677	22.99
2015	211,103,324	157,920,000	53,183,324	25.19
2016	211,601,950	157,270,000	54,331,950	25.68
2017	209,627,173	149,586,401	60,040,772	28.64
2018	222,170,000	146,794,602	75,375,398	33.93

**Legal Debt Margin Calculation for Fiscal Year 2018**

Indebtedness	
Borrowings -- RCSD Bonds	\$ 99,036,602
Borrowings -- RCSD BANs	47,758,000
	146,794,602
Net Indebtedness	
Debt Limit (3.5%/9% of five-year average full valuation) <sup>1</sup>	222,170,000
Debt Contracting Margin <sup>2</sup>	\$ 75,375,398

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

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

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

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Fiscal Year	Special Program Revenue Bond <sup>1</sup>				Special School Purpose Revenue Bond <sup>2</sup>			
	Revenue	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2009	\$ 1,549,976	\$ 1,549,976	\$ 203,207	0.88	\$ 1,225,103	\$ 1,225,103	\$ 239,576	0.84
2010	1,485,426	1,485,426	123,396	0.92	1,281,413	1,281,413	171,062	0.88
2011	-	-	-	0.92	1,321,012	1,321,012	130,020	0.91
2012	-	-	-	-	1,385,256	1,385,256	71,466	0.95
2013	-	-	-	-	1,435,796	1,435,796	39,531	0.97
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-

<sup>1</sup>This bond is backed by the New York State Municipal Bond Bank Agency (MBBA), for the purpose of repaying the State for taxpayer refunds. Data derived from the MBBA.

<sup>2</sup>This bond is backed by the State Education Department, in accordance with state legislation to assist with operating expenses of the District. Data derived from the MBBA.

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

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<b>Fiscal Year</b>	<b>Population - Monroe County<sup>1</sup></b>	<b>Personal Income - Monroe County<sup>1</sup> (000s)</b>	<b>Per Capita Personal Income - Monroe County<sup>1</sup></b>	<b>Unemployment Rate - Monroe County<sup>2,3</sup></b>
2009	743,386	\$ 30,153,246	\$ 40,562	7.8%
2010	744,344	31,336,252	42,099	8.0
2011	745,625	32,728,163	43,894	7.7
2012	747,615	34,478,067	46,117	7.9
2013	749,606	36,102,780	48,162	7.0
2014	749,857	34,438,705	45,927	5.8
2015	749,600	35,970,644	47,986	5.1
2016	747,727	36,057,927	48,223	4.7
2017	N/A	N/A	N/A	5.0
2018	N/A	N/A	N/A	4.7

<sup>1</sup> Source: US Department of Commerce, Bureau of Economic Analysis

<sup>2</sup> Source: NYS Dept of Labor, [www.labor.state.ny.gov](http://www.labor.state.ny.gov)

<sup>3</sup> Average rate for 2018 based on monthly rates through September

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

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Employer	2018			2009		
	Total Local Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>	Total Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>
University of Rochester/Strong Health	29,820	1	5.21%	19,441	1	3.37%
Rochester Regional Health System	16,545	2	2.89%	7,210	4	1.25%
Wegman's Food Markets Inc.	13,133	3	2.29%	13,381	2	2.32%
Paychex Inc.	4,436	4	0.77%	3,331	8	0.58%
Rochester Institute of Technology	4,123	5	0.72%	3,138	9	0.54%
Harris Corporation	3,500	6	0.61%	2,300	10	0.40%
Xerox Corporation	3,400	7	0.59%	6,935	5	1.20%
Lifetime Healthcare Inc	3,200	8	0.56%	3,542	7	0.61%
Tops Markets	2,324	9	0.41%	-	-	-
YMCA of Greater Rochester	2,155	10	0.38%	-	-	-
Eastman Kodak	-	-	-	8,500	3	1.47%
Unity Health System	-	-	-	5,280	6	0.92%
	<u>82,636</u>		<u>14.43%</u>	<u>73,058</u>		<u>12.66%</u>

<sup>1</sup> Source Rochester Business Journal

<sup>2</sup> Employment source: www.labor.ny.gov; 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**

	2009	2010	2011	2012	2013
<b>General Support:</b>					
Board of Education	11	11	8	8	10
Chief School Administrator	10	14	13	6	5
Finance	56	59	52	49	52
Staff	48	45	36	39	41
Central Services	647	636	568	555	589
Total General Support	772	765	677	657	697
<b>Instruction:</b>					
Administration and Improvement	678	669	626	586	577
Teaching	4,235	4,033	3,737	3,483	3,527
Instructional Media	72	66	63	61	64
Pupil Services	276	271	238	313	334
Pupil Transportation	132	125	114	106	121
Community Services	116	109	110	38	35
Unclassified	15	15	14	12	10
Total Instruction	5,524	5,288	4,902	4,599	4,668
<b>Total</b>	6,296	6,053	5,579	5,256	5,365
	2014	2015	2016	2017	2018
<b>General Support:</b>					
Board of Education	11	13	12	11	11
Chief School Administrator	4	4	4	6	5
Finance	51	55	62	59	59
Staff	42	47	48	49	49
Central Services	605	707	701	708	708
Total General Support	713	826	827	833	832
<b>Instruction:</b>					
Administration and Improvement	576	585	598	601	634
Teaching	3,375	3,615	3,718	3,963	4,185
Instructional Media	73	72	83	87	86
Pupil Services	318	351	346	372	412
Pupil Transportation	125	113	133	134	135
Community Services	31	47	22	19	17
Unclassified	10	9	13	13	14
Total Instruction	4,508	4,792	4,913	5,189	5,483
<b>Total</b>	5,221	5,618	5,740	6,022	6,315

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

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

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<b>Fiscal Year</b>	<b>K - 12 Enrollment<sup>1</sup></b>	<b>Government-Wide Expenses</b>	<b>Cost Per Pupil</b>	<b>Percentage Change from Prior Year</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Priced Meals<sup>1</sup></b>
2009	32,132	\$ 709,494,914	\$22,081	8.0%	4,170	7.8	79.3%
2010	31,654	713,317,157	22,535	2.1	4,033	7.8	83.6
2011	31,256	738,749,758	23,635	4.9	3,737	8.4	88.4
2012	30,693	697,003,038	22,709	-3.9	3,483	8.8	82.1
2013	29,523	731,173,747	24,766	9.1	3,527	8.4	100.0 <sup>2</sup>
2014	29,103	771,586,459	26,512	7.1	3,375	8.6	100.0 <sup>2</sup>
2015	28,401	774,851,111	27,283	2.9	3,615	7.9	100.0 <sup>2</sup>
2016	27,745	800,404,517	28,849	5.7	3,718	7.5	100.0 <sup>2</sup>
2017	26,976	873,959,350	32,398	12.3	3,963	6.8	100.0 <sup>2</sup>
2018	26,155	896,195,912	34,265	5.8	4,185	6.2	100.0 <sup>2</sup>

<sup>1</sup>Source: Rochester City School District Department of Research and Evaluation.

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

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

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<b>Fiscal Year</b>	<b>K-12 Enrollment</b>	<b>School Buildings<sup>1</sup></b>	<b>Teaching Staff</b>	<b>Administrative Personnel<sup>2</sup></b>	<b>Instructional Support<sup>3</sup></b>	<b>State Aid Received (Millions)<sup>4</sup></b>
2008-09	32,132	54	4,235	772	1,289	486
2009-10	31,654	54	4,033	765	1,255	456
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

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

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

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

<sup>4</sup> Includes state aid recorded in the general, special aid and school food service funds.

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

(continued next page)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b><u>Schools</u></b>					
<b>Elementary</b>					
Buildings <sup>a</sup>	38	38	38	38	38
Square Feet <sup>b</sup>	2,977,479	3,068,471	2,953,692	2,953,692	3,209,513
Capacity <sup>c</sup>	20,922	21,324	21,324	21,324	20,733
Enrollment K-8	17,271	17,228	17,152	16,949	16,679
Enrollment PreK <sup>d</sup>	-	-	-	950	944
<b>Secondary</b>					
Buildings <sup>a</sup>	16	16	14	14	14
Square Feet <sup>b</sup>	3,704,416	3,704,416	2,475,222	3,475,222	3,433,212
Capacity <sup>c</sup>	15,775	15,775	15,775	15,775	14,888
Enrollment 9-12	14,861	14,426	14,104	13,744	12,844
<b>Other</b>					
Buildings <sup>e</sup>	3	3	2	2	2
Square Feet	296,969	176,319	204,232	200,560	200,560
<b><u>Administrative</u></b>					
Buildings <sup>f</sup>	3	2	4	4	3
Square Feet	170,354	241,755	401,750	401,750	261,598
<b><u>Transportation</u></b>					
Garages/Maintenance (sq. ft.) <sup>g</sup>	256,077	256,077	-	-	-
Buses	87	88	88	86	86
<b><u>Athletics</u></b>					
Football Fields	7	7	7	7	7
Soccer Fields	9	9	9	9	9
Running Tracks	8	8	8	8	8
Baseball/Softball	22	22	22	22	22
Swimming Pools	13	13	13	13	13
Playgrounds	36	36	36	36	36

Source: RCSD Facilities Department Records

Note: All footnotes apply to the data provided for 2018

<sup>a</sup> The District facility portfolio includes buildings with differing grade configurations (PreK-6, PreK-8, K-12, 6-12, 7-12 or 9-12). Buildings containing both elementary and secondary students are classified in either elementary or secondary based on primary purpose.

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

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

<sup>d</sup> PreK enrollment includes only students educated in District facilities; excludes students educated in Community Based Organizations.

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

<sup>f</sup> Facilities are Central Office, Service Center, Nassau Street warehouse (not included in prior years) and 283 West Ridge Road. The Martin Street facility is being vacated, however, has been included in the "Secondary" category for 2018.

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

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
38	38	37	36	36
3,220,760	3,220,760	3,098,432	2,889,690	2,889,690
20,883	21,215	20,249	19,851	21,082
16,672	16,328	15,867	17,950	18,473
935	974	945	1,211	1,373
14	14	14	14	15
3,439,476	3,439,576	3,439,576	3,439,576	3,461,704
14,888	16,660	16,660	16,660	14,377
12,431	12,073	11,878	9,977	7,682
1	1	1	1	1
129,389	129,389	129,389	129,389	186,917
3	3	3	3	4
261,598	261,598	261,598	261,598	285,598
-	-	-	-	-
90	90	91	91	91
7	7	7	7	7
9	9	9	9	9
8	8	8	8	8
22	22	22	22	22
13	13	12	12	12
36	36	36	36	36

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# SINGLE AUDIT REPORT





**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2018.

**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  
December 3, 2018



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Rochester City School District (the District), a component unit of the City of Rochester, New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards, and contracts applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and

material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

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

*Freed Maxick CPAs, P.C.*

Rochester, New York  
December 3, 2018

**ROCHESTER CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

(continued on next page)

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education</b>				
Direct Programs:				
Impact Aid	84.041B	S041B20183427	\$ -	\$10,490
Impact Aid	84.041B	S041B20173427	-	3,324
<i>Subtotal U.S. Department of Education Direct Programs</i>			-	13,814
Pass-Through the New York State Education Dept:				
Grants to Local Educational Agencies Title I	84.010A	0021181395	-	21,937,420
Grants to Local Educational Agencies Title I	84.010A	0021171395	-	1,861,004
Grants to Local Educational Agencies Title I, School Improvement SES 1003(A)	84.010A	0011187020	-	182,270
Grants to Local Educational Agencies Title I, School Improvement SES 1003(A)	84.010A	0011177020	-	77,400
Grants to Local Educational Agencies Title I, School Improvement SES 1003(A)	84.010A	0011187021	-	184,036
Grants to Local Educational Agencies Title I, School Improvement SES 1003(A)	84.010A	0011177021	-	16,983
Grants to Local Educational Agencies Title I, School Improvement SES 1003(A)	84.010A	0011177022	-	-3,472
Grants to Local Educational Agencies Title I, School Improvement	84.010A	0011182004	-	658,100
Grants to Local Educational Agencies Title I, School Improvement	84.010A	0011172004	-	547,408
Grants to Local Educational Agencies Title I, School Improvement	84.010A	0011176115	-	-1
Grants to Local Educational Agencies Title I, School Improvement	84.010A	0011187130	-	7,103
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187606	-	373,070
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123177606	-	23,054
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123184106	-	225,517
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123174106	-	28,518
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187608	-	415,531
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123185112	-	171,646
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123175112	-	15,225
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187597	-	463,219
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187019	-	482,496
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123185113	-	169,003
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123175113	-	38,922
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187018	-	469,433
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187616	-	480,720
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123185114	-	1,105
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123175114	-	434,313

**ROCHESTER CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued on next page)**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123187017	-	425,661
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123185111	-	160,741
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123175111	-	120,539
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123185118	-	134,293
Grants to Local Educational Agencies Title I, School Improvement	84.377A	0123175118	-	54,948
Supporting Effective Instruction State Grants Title IIA - Teacher & Principal	84.367A	0147181395	-	3,138,360
Supporting Effective Instruction State Grants Title IIA - Teacher & Principal	84.367A	0147171395	-	312,992
English Language Acquisition State Grants Title III - Bilingual Education	84.365A	0293181395	-	274,018
English Language Acquisition State Grants Title III - Bilingual Education	84.365A	0293171395	-	282,211
English Language Acquisition State Grants Title III - Immigrant Education	84.365A	0149181395	-	325
English Language Acquisition State Grants Title IIIA - Displaced ELL'S	84.365A	0154181395	-	413,732
English Language Acquisition State Grants Title IIIA - SIFE	84.365A	0153171395	-	40,597
Career & Technical Education - Basic Grants to States Perkins Adult	84.048A	8000189020	-	98,144
Career & Technical Education - Basic Grants to States Perkins Correctional	84.048A	8030170001	-	-1
Career & Technical Education - Basic Grants to States Perkins Secondary	84.048A	8000180024	-	391,778
Career & Technical Education - Basic Grants to States Pathways to Technology	84.048A	8039180012	-	376,383
Adult Education - Basic Grants to States WIA, Title 2, Correctional Education	84.002A	0138182020	-	242,269
Adult Education - Basic Grants to States WIA, Title 2, Correctional Education	84.002A	0138172020	-	-1
Adult Education - Basic Grants to States WIA, Title 2, ESOL/Civics	84.002A	0040182067	-	241,180
Adult Education - Basic Grants to States WIA, Title 2, Adult	84.002A	2338182116	-	470,324
Adult Education - Basic Grants to States WIA, Title 2, Adult	84.002A	2338172116	-	1
Adult Education - Basic Grants to States WIA, Title 2, Literacy Zone	84.002A	2338183032	-	97,531
Education for Homeless Children & Youth	84.196A	0212183023	-	117,301
21st Century Community Learning Centers	84.287C	0187187114	-	1,121,516
21st Century Community Learning Centers	84.287C	0187176114	-	-663
Hurricane Education Recovery	84.938C	008018139	-	2,883,116
<u>Special Education Cluster:</u>				
Special Education Grants to States IDEA Support Serv & Sec 611	84.027A	0032180370	-	9,845,141
Special Education Grants to States IDEA Support Serv & Sec 611	84.027A	0032170370	-	31,860
Special Education Grants to States SETRC	84.027A	C01221218	-	393,704
Special Education Grants to States SETRC	84.027A	C01221217	-	-30

**ROCHESTER CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
Special Education Preschool Grants IDEA Support Serv & Sec 619	84.173A	0033180370	-	491,623
<i>Subtotal Special Education Cluster</i>			-	10,762,298
<i>Subtotal Pass-Through New York State Education Department</i>			-	51,419,616
<b>TOTAL U.S. Department of Education</b>			-	51,433,430
<b>U.S. Department of Health and Human Services</b>				
Pass-Through the NYS Office of Temporary & Disability Assistance:				
Refugee and Entrant Assistance Discretionary Grants Making a Connection Program	93.576	C021724-19	-	14,416
Refugee and Entrant Assistance Discretionary Grants Making a Connection Program	93.576	C021724-18	-	110,437
Temporary Assistance for Needy Families	93.558	C00008GG-17	-	200,000
Pass-Through Health Research Incorporated: Pregnancy Assistance Fund Program	93.500	5SP1AH0000250400/4739-04	-	7,839
<b>TOTAL U.S. Department of Health and Human Services</b>			-	332,692
<b>U.S. Department of Agriculture</b>				
<i>Child Nutrition Cluster:</i>				
Pass-Through NYS Bureau of School Food Management:				
School Breakfast Program	10.553	--	-	6,467,142
National School Lunch Program - Lunch/Surplus Food Commodities	10.555	--	-	13,974,200
Pass-Through City of Rochester:				
Summer Food Service Program for Children	10.559	--	-	642,730
<i>Subtotal Child Nutrition Cluster</i>			-	21,084,072
Pass-Through the NYS Department of Education: Fresh Fruit and Vegetable Program	10.582	--	-	1,046,656
<b>Total U.S. Department of Agriculture</b>			-	22,130,728
<b>U.S. Department of Labor</b>				
<i>WIOA Cluster</i>				
Pass-Through the NYS Department of Labor: WIOA Dislocated Worker Formula Grant	17.278	T156445	-	627
<b>Total U.S. Department of Labor</b>			-	627
<b>Total Expenditures of Federal Awards</b>			\$ -	\$73,897,477

See notes to Schedule of Expenditures of Federal Awards

**ROCHESTER CITY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal grant activity of all federal financial assistance programs administered by the District. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District's reporting entity is defined in Note I.A. in the Financial Statements of the District.

**2. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the District's financial reporting system, which is the source of the District's basic financial statements. Negative expenditures are the result of program closeouts.

**3. Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# ROCHESTER CITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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### I. SUMMARY OF AUDITOR'S RESULTS

#### *Financial Statements*

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes  No

#### *Federal Awards*

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

Name of Federal Programs or Clusters  
Child Nutrition Cluster  
Supporting Effective Instruction State Grants  
Hurricane Education Recovery

CFDA Number(s)  
10.553/10.555/10.559  
84.367  
84.938C

Dollar threshold used to distinguish between type A and type B programs

\$ 2,216,924

Auditee qualified as low-risk auditee?

Yes  No

# ROCHESTER CITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018 (Continued)

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- **FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings noted in the current fiscal year.

- **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings or questioned costs noted in the current fiscal year.

# ROCHESTER CITY SCHOOL DISTRICT

## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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- **FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings noted for the fiscal year ended June 30, 2017.

- **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings or questioned costs noted for the fiscal year ended June 30, 2017.



# 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 and Liabilities arising from cash transactions and Statement of Cash Receipts and Disbursements of the Extraclassroom Activity Funds of Rochester City School District (the District), as of and for the year ended June 30, 2018 and 2017 and the related note 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 Extraclassroom 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 Extraclassroom 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 and liabilities arising from cash transaction and cash receipts and disbursements of the Extraclassroom Activity Funds of the District for the year ended June 30, 2018 and 2017, 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 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Freed Maxick CPAs, P.C.*

Rochester, New York  
December 3, 2018

**ROCHESTER CITY SCHOOL DISTRICT  
 STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
 STUDENT ACTIVITY FUNDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Assets</b>		
Cash:		
Elementary Schools	\$ 31,663	\$ 27,133
Secondary Schools	<u>107,539</u>	<u>99,197</u>
Total Assets	<u>\$ 139,202</u>	<u>\$ 126,330</u>
<b>Liabilities</b>		
Student Deposits:		
Elementary Schools	\$ 31,663	\$ 27,133
Secondary Schools	<u>107,539</u>	<u>99,197</u>
Total Liabilities	<u>\$ 139,202</u>	<u>\$ 126,330</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, 2018 AND 2017**

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	<b>June 30, 2018</b>	<b>June 30, 2017</b>
<b>Receipts</b>		
Elementary Schools	\$ 48,582	\$ 38,993
Secondary Schools	294,576	274,598
Total Receipts	343,158	313,591
<b>Disbursements</b>		
Elementary Schools	44,052	34,051
Secondary Schools	286,234	265,005
Total Disbursements	330,286	299,056
<b>Excess of Receipts over Disbursements</b>	12,872	14,535
<b>Cash -- Beginning of Year</b>	126,330	111,795
 <b>Cash -- End of Year</b>	 \$ 139,202	 \$ 126,330

See accompanying notes to student activity funds financial statements.

**ROCHESTER CITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
STUDENT ACTIVITY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2018.

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



Rochester City School District  
131 West Broad Street  
Rochester, NY 14614  
[www.rcsdk12.org](http://www.rcsdk12.org)

2018



CAFR