

2011 GAFF



Comprehensive Annual Financial Report Rochester City School District

131 West Broad Street • Rochester, NY 14614

*A Component Unit of the City of Rochester, New York
Fiscal Year Ended June 30, 2011*

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, 2011**

Prepared by:

Department of Accounting

**Rochester City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

TABLE OF CONTENTS

	Page
<u>INTRODUCTION SECTION</u>	
Transmittal Letter	1-8
Certificate of Excellence and Certificate of Achievement.....	9-10
List of Rochester City School District Officials	11
Rochester City School District Central Office Organization Chart	12
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	15-16
Management's Discussion and Analysis	17-28
Basic Financial Statements (<i>the notes to the financial statements are an integral part of the Basic Financial Statements</i>):	
Government-wide Financial Statements:	
Statement of Net Assets	31
Statement of Governmental Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	33-34
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37-38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Governmental Activities.....	39
Fiduciary Fund Statements:	
Statement of Fiduciary Net Assets	40
Statement of Changes in Fiduciary Net Assets	41
Notes to Financial Statements	42-67
Required Supplementary Information:	
Schedule of Funding Progress for Retiree Health Plan.....	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) - General Fund	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) – Special Aid Fund.....	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) - School Food Service Fund.....	72
Supplemental Financial Statements and Schedules:	
Schedule of Revenues, Other Sources, Expenditures, and Other Uses, Budget and Actual (Non-GAAP Budget Basis) – General Fund	74-76
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budget Basis) - Debt Service Fund	77
Summary Schedule of Project Expenditures – Capital Projects Fund	78

TABLE OF CONTENTS

Page

STATISTICAL SECTION

Net Assets by Component – Last Ten Fiscal Years.....	82
Changes in Net Assets, Governmental Activities – Last Ten Fiscal Years	83-84
Fund Balances, Governmental Funds - Last Ten Fiscal Years	85-86
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	87-88
Assessed Value and Estimated Actual Value of Taxable Real Property – Last Ten Fiscal Years	89
Property Tax Rates Per Thousand, Direct and Overlapping Governments – Last Ten Fiscal Years	90
Principal Property Taxpayers – Current Fiscal Year and Nine Years Prior.....	91
City of Rochester Property Tax Levies and Collections - Last Ten Fiscal Years.....	92
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	93
Direct and Overlapping Debt as of June 30, 2011	94
Legal Debt Margin Information – Last Ten Fiscal Years	95
Pledged-Revenue Coverage – Last Ten Fiscal Years	96
Demographic Economic Statistics – Last Ten Fiscal Years	97
Principal Private Sector Employers in the Rochester Area – Current Year and Nine Years Prior.....	98
Budgeted Full-Time Equivalent District Employees by Function – Last Ten Fiscal Years	99
Operating Statistics – Last Ten Fiscal Years	100
School Building Information – Last Ten Fiscal Years	101-102

SINGLE AUDIT REPORTS

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	105-106
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	107-108
Schedule of Expenditures of Federal Awards.....	109-112
Notes to Schedule of Expenditures of Federal Awards	113
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2011	114-115
Schedule of Prior Year Findings and Questioned Costs for the Year Ended June 30, 2011.....	116

TABLE OF CONTENTS

Page

SCHEDULE OF EXPENDITURES NEW YORK STATE AND OTHER AWARDS

Schedule of Expenditures of New York State and Other Awards	119-122
Schedule of Expenditures of Federal, New York State and Other Awards	123

STUDENT ACTIVITY FUND

Independent Auditor's Report	125
Statement of Assets and Liabilities Arising from Cash Transactions.....	126
Statement of Cash Receipts and Disbursements	127
Notes to Financial Statements	128

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Introduction



Rochester City School District

Acting Superintendent of Schools
Bolgen Vargas

December 15, 2011

Mr. Malik Evans, President
Board of Education
Rochester City School District
Rochester, New York 14614

Dear President Evans, 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, 2011. The CAFR was prepared by the District's Department of Accounting and Finance and is management's representation of the District 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 in the United States of America (GAAP). We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Freed Maxick & Battaglia, CPAs, PC an independent firm of certified public accountants. The purpose of an independent audit is to express an opinion regarding whether the financial statements are fairly stated. The independent auditors' report is presented in the financial section of this report and renders an unqualified opinion on the District's financial statements for the fiscal year ended June 30, 2011.

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, and 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 challenges, occupational education, many individualized programs, school-to-work programs, and partnerships with higher education. Programs are supplemented by a wide variety of offerings in the fine 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 and foreign born adults, and employment preparation. For the 2010-11 school year, the District reported the following enrollments: 17,152 elementary (K-6) and 14,104 secondary (7-12), for a total of 31,256 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 grants a "charter" to a new school or an existing public school that applies for "charter status". The "charter" is granted for up to 5 years. Charter schools are overseen by public authorities, yet operate with a great deal of flexibility as independent, not-for-profit, educational corporations.

The statute requires that the District pay an amount to the charter school for each resident pupil enrolled that is equal to the 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 receiving special education services from the charter school to the extent that such aid is based on the enrollment of such students in the charter school and the special education services are provided. During fiscal year 2010-11 the District paid charter schools a total of approximately \$21.5 million from its general fund. Charter schools receiving payments were: Eugenio Maria de Hostos Charter School, Genesee Community Charter School, True North Rochester Preparatory Charter School, Rochester Academy Charter School, Urban Choice Charter School and University Preparatory Charter School.

The District's financial statements are included in the financial statements of the City of Rochester (City) as a discretely presented component unit. The Board of Education of the District governs the public schools and is elected separately from the City. The District is dependent upon the City to contract bonded indebtedness and to levy taxes. 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 for fiscal year July 1, 2010 to June 30, 2011:

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 which will be repaid by the District with state aid, as well as a local share of District funds.

The District's 2010-11 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, 2010 and ending on June 30, 2011.

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 each May.

ECONOMIC CONDITIONS AND OUTLOOK OF THE REPORTING ENTITY

Local Economic Status and Forecast^{1 2 3 4}

The City continues transitioning from an economy dominated by two or three large companies to a more diverse base of small and medium-sized employers. Jobs in most manufacturing categories continue to decline, but are offset by the predominance of jobs in others areas such as high-technology, educational and health services, trade, transportation and utilities, and government. The Rochester economic landscape is led in large part by the area's higher education institutions, which have been somewhat less

Sources:

- 1 www.economy.com
- 2 The Bureau of Labor Statistics
- 3 National Association of Realtors
- 4 The City of Rochester, New York, Official Statement dated August 9, 2011

affected by the national economic downturn. The University of Rochester and its affiliates ranks as the region's largest employer and the 6th largest employer in New York State.

The City is engaged in economic development services that provide expanding and relocating businesses with technical assistance and financing through several business loan and grant programs. Many economic development activities in the City are centralized, providing greater convenience to businesses needing assistance. The City staffs the local development corporation, Rochester Economic Development Corporation, the City's Renewal Community Zone, and the State Empire Zone.

The Rochester area has long been considered to have a stable economy, especially when compared to other northeast and north-central metropolitan areas. Historically, the unemployment rate has also been lower than the national average. Unadjusted for seasonality, the unemployment rate for the Rochester area as of June 2011 was 7.4%, as compared to 9.3% nationally, and 8.0% for New York State. The median home price in the Rochester area is just under \$120,000 as compared to the national median of just over \$170,000. The cost of living in Rochester is also less than the national average. The City of Rochester economy generally tends to be less volatile than the national economy and often responds to the national trends on a six-to-eight month lag.

Projected Enrollment

The ten-year summary of enrollment projections indicates that the District will continue to experience a decline in total enrollment over the next four years, with enrollment projected to rise gradually throughout the remainder of the projection period. The decline in District enrollment that began after 1997-98 can be attributed to the decrease in live births and the overall decline in the population of the City of Rochester. Rochester's population is estimated to have fallen to 210,565 in 2010, a decline of 4.2% over the decade. The enrollment decline accelerates with the opening of charter schools, as two new schools that will draw Rochester students will be opening in the fall of 2011.

Age of School Buildings

The School District maintains over 7.03 million square feet in 58 facilities. The District owns 51 educational and 3 administrative facilities. It also maintains 4 leased facilities. As the data in the below chart indicates, the age of the District's school buildings spans a wide range. The average age of District owned school buildings is 66 years. 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 struggle to allocate enough of its limited resources to maintaining and modernizing its buildings. The District has embarked on Phase I of a Facilities Modernization Project that will target twelve school buildings for significant renovations and upgrades over the next five years.

Age of School Building	Elementary	Secondary	Total
Under 20	2	3	5
20 to 39	2	1	3
40 to 59	13	4	17
60 to 79	1	1	2
80 and over	19	5	24
Total	37	14	51
<i>Oldest Building = 113; Average Age = 66</i>			

The District operates fifteen schools which have some portion of the building that is at least 90 years old. The average age of the fifteen oldest schools in the District is 99 years old, each having been built between 1898 and 1921.

The District uses industry standards including information from McGraw-Hill Construction and School Planning & Management as well as its own historical data as a guide to determine the correct allocation of funds for long-term facility renovation and maintenance of District facilities. In order to maintain facilities in the present condition, an annual investment of 1.5% to 3% of building replacement value needs to be committed to the space managed by the District. Based on the information from industry sources, our facilities have a forecasted replacement value of approximately \$295 per square foot, or an estimated total replacement value of \$1.96 billion for District owned buildings. Construction costs in the industrialized northeastern states tend to be higher than elsewhere in the nation. Based on the standard annual investment, the District should be investing between \$29 and \$59 million in annual renovation and maintenance costs through capital renovations or on-going maintenance expenditures.

In addition to annual maintenance and renovation costs, the District has identified a backlog of repairs and maintenance. The 2010 five-year building audit identified more than \$140 million in renovations that needed to be focused on over the next decade. This translates into additional needed investment of approximately \$14 million per year.

Financing of 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 District pays for procurements of equipment and expenditures for improvements with short-term life cycles through the operating budget. Equipment and facility improvements with long-term life cycles are generally funded through borrowed funds. The District's Capital Improvement Program (CIP) is prepared as a companion document to the Superintendent's budget proposal and is intended to provide for capital investments to further the Superintendent's goals and initiatives as outlined in that document. The CIP identifies targeted facility renovations for 2010-11 to 2014-15.

The District is also engaged in a comprehensive Facilities Modernization Program (FMP) to address increased renovation and rebuilding needs that outstrip the District's current ability to access capital. Since the FMP legislation has passed, a Rochester Joint School Construction Board (RJSCB) has been formed to act as an agent on behalf of the District and City of Rochester to oversee the

administration of the program. They have hired a program management firm (Gilbane Building Company) to oversee the implementation of the plan as well as the individual renovation projects. The governing board will conduct a community-based planning process to identify the twelve schools that will be included in the first of three project phases. Phase I will include \$325 million in funding and will last five years. The full three-phase program will span fifteen years and cost approximately \$1.2 billion.

The Board of Education has been engaged in and is actively supportive of the Facilities Modernization Program. Its implementation will permit the District to develop state-of-the art schools for students and staff and establish equity with facilities in other districts, while creating learning environments that support the District's strategic plan.

In addition to the larger Facilities Modernization Program, the District has set aside funds for specific program initiatives such as:

- Building Security and Fire Alarm System Upgrades – \$3.5 million has been allocated to specifically address needed upgrades to security camera systems and modernizing the fire alarm network. This is in addition to what was included in last year's program.
- Academic Improvement Initiatives – This capital program allocates \$2.2 million for academic improvement initiatives that are planned to support the Superintendent's vision for the District such as implementing changes to the World of Inquiry School, expanding it to a kindergarten through grade 12 school, and reconfiguring East High School into a smaller learning community school.
- Long-term Facility Improvements and Code Compliance Projects – Approximately \$10.7 - \$13.3 million is scheduled for long-term facility upgrades annually over the next five years to address ongoing maintenance, repairs and regulatory compliance projects.

Major Initiatives

The Rochester City School District seeks to ensure that each student is academically prepared to succeed in college, life, and the global economy. As part of this goal, an objective is to create an innovative portfolio of high-quality choices for families. The District's schools are a portfolio that must reflect the diverse talents, needs and interests of each student. One of the District's three pillars of reform is the "Right School for Every Child". Creating the right school includes: 1.) building a learning environment that supports student success, 2.) creating an innovative portfolio of high-quality choices for families, and 3.) supporting the whole child through a systems approach to school culture and climate.

Under the guidance of the Office of School Innovation, the District has developed and is implementing a Two-Phase Portfolio Plan which includes the following:

- Opening new high-quality schools - such as the all boys school at Charlotte, the Newcomer Academy, Vanguard Collegiate High School, Rochester STEM (Science, Technology, Engineering, Math) High School, and the Robert Brown School of Construction and Design

- Redesigning schools by program and/or grade configuration - such as the expansion of 9 schools to add grades 7 and 8 over the next 2 years, School No. 58, expanding to include high school grades, and the phase down of Dr. Freddie Thomas and Joseph C. Wilson Foundation Academy to include fewer grades
- Phasing out low-performing schools

Relevant Financial Policies

The District evaluates its needs for cash daily, and any surplus funds are invested by the City, generally in certificates of deposit and repurchase agreements, for terms which 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 2010-11 was \$245,880. The weighted average yield to maturity of purchases by the General Fund for 2010-11 was .25% compared to .24% in 2009-10.

The management of the District has retained 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 control of the Acting Chief Financial Officer.

Legal Requirements

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

AWARDS AND ACKNOWLEDGEMENTS

For the past twenty-two years, the District's Comprehensive Annual Financial Report 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 comprehensive annual financial report which 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 Comprehensive Annual Financial Report 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-first 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 Comprehensive Annual Financial Report. This report must satisfy both GAAP and applicable legal requirements.

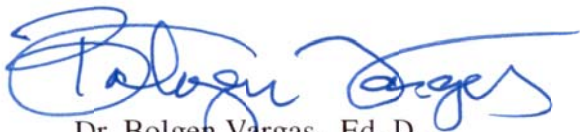
Comprehensive Annual Financial Report
Year Ended June 30, 2011
President, Board of Education Members
December 15, 2011

The GFOA Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report 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 Accounting. 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 allows the District to present the high quality Comprehensive Annual Financial Report. We would also like to thank the District's 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 & Battaglia, CPAs, PC whose professional competence and leadership have supported us throughout the year. A copy of this report can be found at the District's website: <http://www.rcsdk12.org>.

Respectfully submitted,



Dr. Bolgen Vargas, Ed. D.
Acting Superintendent



Vernon Connors
Acting Chief Financial Officer

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



This 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, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

List of Rochester City School District Officials 2010-11 School Year

MEMBERS OF THE BOARD OF EDUCATION

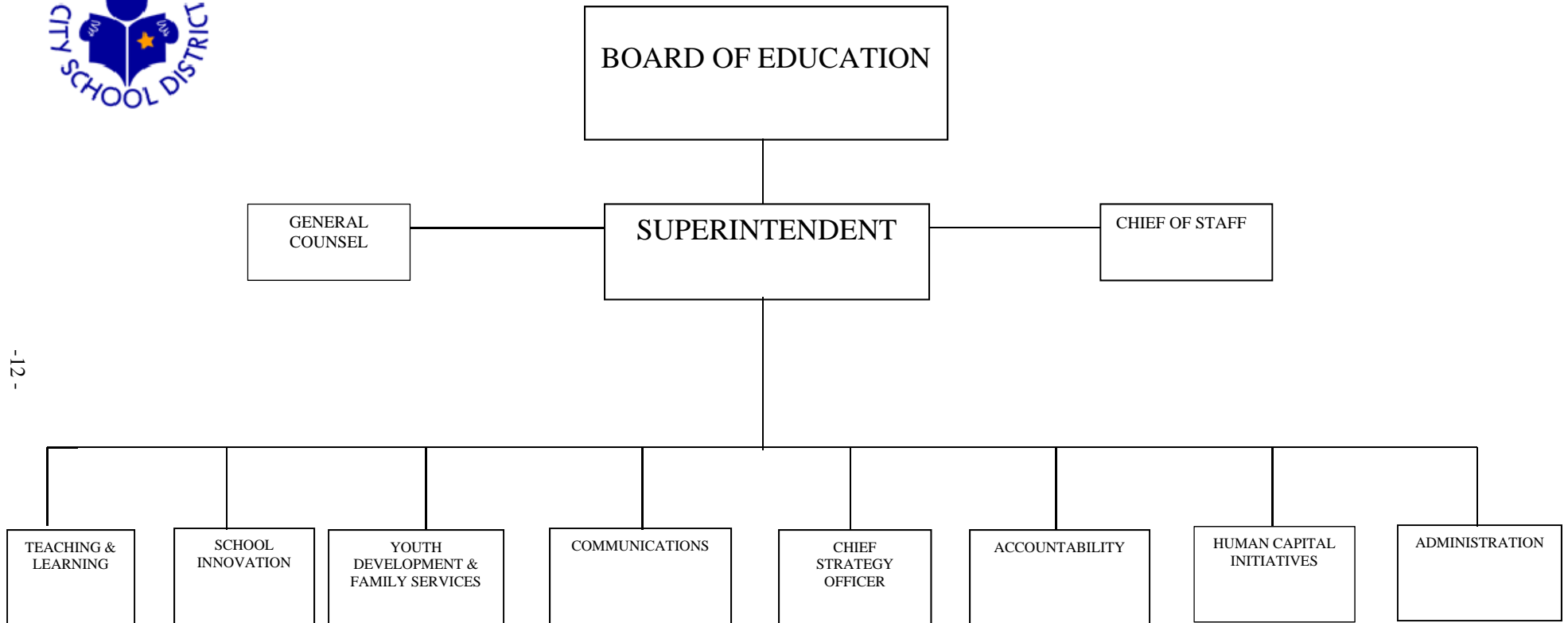
Malik Evans	President
Jose Cruz	Vice President
Melisa Campos	Member
Cynthia Elliott	Member
Willa Powell	Member
Van Henri White	Member
Allen Williams	Member

MANAGEMENT CABINET

Bolgen Vargas	Interim Superintendent of Schools
Mary Doyle	Senior Director of School Innovation
Linda Dunsmoor	Coordinating Director of Communications
Kim Dyce-Faucette	Chief of Staff
Shirley Green	Executive Director of Specialized Services
Charles Johnson	General Counsel
Annmarie Lehner	Information Technology Officer
Elizabeth Mascitti-Miller	Deputy Superintendent of Teaching & Learning
Deasure Matthew	Chief of Schools (South Zone)
Joyce Martelli	Chief Financial Officer
Shaun Nelms	Chief of Schools (Northeast Zone)
Gladys Pedraza-Burgos	Chief of Youth Development & Family Services
Jacqueline Polito	Acting Chief of Human Capital Initiatives/Labor Relations
Ann Brown Scott	Chief of Schools (Northwest Zone)
Jeanette Silvers	Chief of Accountability
Jerome Underwood	Senior Director of Operations



RCSD 2010 - 2011 ORGANIZATION



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Financial



Freed Maxick & Battaglia, CPAs, PC

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 the accompanying financial statements of the governmental activities, the blended component unit, each major fund and the aggregate remaining fund information of 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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the blended component unit, and each major fund and the aggregate remaining fund information of the District, as of June 30, 2011 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As stated in Note I., G., the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2011 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress for retiree health plan and budgetary comparison schedules on pages 17 through 28, page 69 and page 70 through 78 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental financial statements and schedules, statistical section, and the schedule of New York State and other awards as listed in the table of contents as supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, statistical section and the schedule of New York State and other awards have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
November 21, 2011



Freed Maxick & Battaglia, CPAs, PC

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

As management of the Rochester City School District (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, 2011. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2011 by \$91,735,517; a decrease of \$57,074,370 as compared to the prior year. The decrease can be attributed primarily to contractual benefit and salary increases, future costs of New York State early retirement incentives offered in the previous year, and other postemployment benefit liability increases, such as health insurance. For more information on these liabilities, see the "Notes To Financial Statements" section of this report.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$69,719,714, a decrease of \$19,080,368, in comparison with the prior year. The primary reasons for this decrease were increases in amortized debt payments and the non-issuance of any long-term debt (bond proceeds) to offset the costs of capital outlay during fiscal 2010-11.
- At the end of the current fiscal year, the unassigned portion of the fund balance for the general fund was \$26,557,687 or 4.7% of total budgeted general fund expenditures of \$564,527,747 for 2011-12.

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 assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., claims payable and vacation time earned but unused).

Both of the government-wide financial statements present functions of the District that are principally supported by state and federal aid and intergovernmental revenues (*governmental activities*). The governmental activities of the District include general support, instruction, pupil

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

transportation, community services and interest on debt. The government-wide financial statements can be found on pages 31 and 32 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance 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 balance for the general fund, special aid fund, school food service fund, debt service fund, capital projects fund, and Rochester Joint School 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 33-39 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-67 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$91,735,517 at the close of the most recent fiscal year.

A positive portion of the District's net assets in the amount of \$224,868,075 reflects its investment in capital assets (e.g., land, buildings, building improvements, machinery, and equipment), less 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 \$133,132,558 reported at June 30, 2011 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.

Rochester City School District's Net Assets (Deficit)

Governmental Activities	2009-10	2010-11
Current and other assets	\$ 191,379,002	\$ 174,293,464
Capital assets (net of accumulated depreciation)	414,558,208	405,597,316
Total assets	605,937,210	579,890,780
Long-term liabilities outstanding	351,225,490	380,959,996
Other liabilities	105,901,833	107,195,267
Total liabilities	457,127,323	488,155,263
Invested in capital assets, net of related debt	227,098,515	224,868,075
Unrestricted (Deficit)	(78,288,628)	(133,132,558)
Total net assets	\$ 148,809,887	\$ 91,735,517

"Current and other assets" decreased by approximately \$17.1 million during fiscal year 2010-11. This decrease was primarily due to a decrease of cash and cash equivalents of approximately \$21.6 million as compared to the prior year due to timing differences for a \$16.0 million Lottery aid payment received on July 1st instead of on June 30th, the receipt date of this payment in prior years, as well as timing differences in accounts payable and payroll payments between years.

"Capital assets (net of accumulated depreciation)" decreased \$9.0 million during fiscal year 2010-11 due to the outpacing of depreciation in relation to capital asset additions that were recorded during the fiscal year.

"Long-term liabilities outstanding" increased by \$29.7 million overall, as compared to the prior year, primarily due to the increased liability for Other Post-Employment Benefits (OPEB) which includes the estimated cost of health insurance for all current, eligible employees of the District when they retire. The OPEB liability increased by approximately \$33.0 million, which was offset by decreases due to scheduled debt and contractual obligation payments that occurred during fiscal year 2010-11. For more information on OPEB, refer to Note V. C. of this report.

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

The \$1.3 million increase in "Other liabilities" was primarily due to increased retirement system costs of about \$9.2 million due to rate increases for both the New York State Teachers' and Employees' Retirement Systems. These increases were offset by reductions of about \$6.8 million in accounts payable and accrued liabilities due to timing differences. Additionally, the Notes Payable (BANs) decreased by about \$.8 million as compared to the prior year.

As mentioned previously, the unrestricted deficit of \$133,132,558 reported at the end of fiscal year 2010-11 is not current and represents liabilities that will be funded with future budgets. Presented below are details of the District's changes in net assets:

Governmental Activities	2009-10	2010-11
Revenues		
Program revenues:		
Charges for services	\$ 2,668,935	\$ 2,064,013
Operating grants and contributions	101,612,225	107,490,316
General revenues		
State & Federal Aid	408,172,635	381,842,297
Intergovernmental	119,100,000	119,100,000
Lottery Aid	56,900,547	63,411,761
Other	12,893,872	7,767,001
Total Revenues	701,348,214	681,675,388
Expenses		
General Support:		
Board of Education	700,462	845,542
Chief School Administrator	2,625,789	2,935,381
Finance	6,060,425	6,446,125
Staff	7,030,907	7,813,587
Central Services	75,301,682	74,794,471
Other	9,593,834	5,533,657
Total General Support	101,313,099	98,368,763
Instruction:		
Administration and Improvement	76,364,476	76,115,320
Teaching	422,444,062	444,285,066
Instructional Media	11,110,860	12,127,840
Pupil Services	32,250,202	32,369,551
Total Instruction	542,169,600	564,897,777
Pupil Transportation	55,139,810	60,056,572
Community Services	6,965,346	7,143,070
Interest Long-Term Debt	7,729,302	8,283,576
Total Expenses	713,317,157	738,749,758
Increase (decrease) in net assets	(11,968,943)	(57,074,370)
Net assets - Beginning	160,778,830	148,809,887
Net assets - Ending	\$ 148,809,887	\$ 91,735,517

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

Program revenues for charges for services decreased by approximately \$.6 million from fiscal year 2009-10 to 2010-11 due to a reduction of funds received from the State and Federal governments for the subsidy of meals as well as reductions in reimbursable tuition billed to other school districts.

"State and Federal Aid" decreased by approximately \$26.3 million, primarily due to a reduction of \$10.5 million in Federal Fiscal Stabilization (ARRA) funds between years. ARRA funds were issued by the Federal governments as part of the American Recovery and Reinvestment Act of 2009 and were allocated to school districts for purposes of strengthening education, driving school reform and assisting at-risk and disabled students. These funds were awarded in fiscal 2009-10 and phased out in 2010-11. In addition, reductions in State Basic Formula aid of approximately \$17.0 million were incurred as a part of the State's response to its own fiscal crisis. The amount of State Aid allocated to the District each year is determined by the State of New York.

"Lottery Aid" increased by approximately \$.65 million as compared to the previous year. The amount of Lottery aid awarded to the District each year is determined by the State and is also affected by lottery sales from year to year.

"Other General Revenues" decreased by approximately \$.51 million as compared to the previous year. This decrease is attributable to the reduction in ERate revenue of \$.24 million due to one-time network upgrades that were reimbursed in 2009-10, as well as payments to consultants for the recovery of prior year aid and a reduction in State reimbursements for workers compensation claims from previous years.

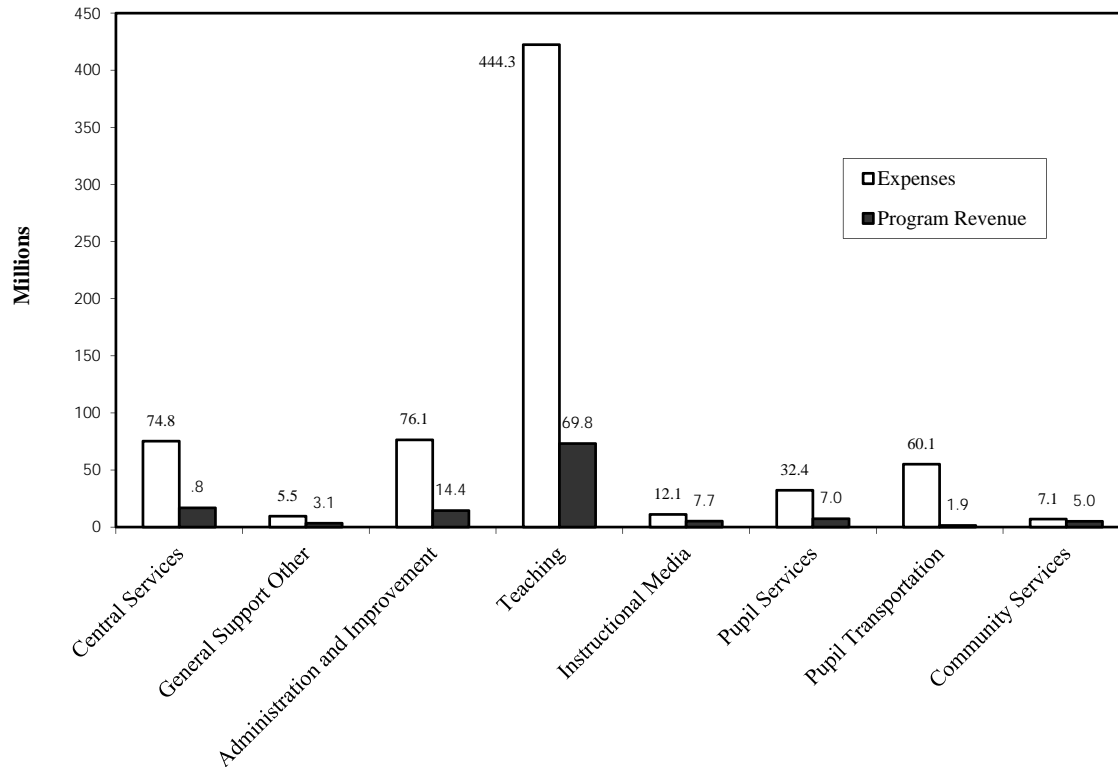
Expenses in the "General Support" categories decreased overall by approximately \$2.9 million. The most notable fluctuation amongst these categories is "Other", with a decrease of approximately \$.41 million. The primary reason for this decrease was reductions in travel and professional development in response to budget cuts, as well as fewer and less costly cases litigated in 2010-11 as compared to 2009-10.

Expenses for instructional purposes are incurred to provide the best education in the safest environment possible and in the most economical way for all of our students. Total instructional expenses increased by approximately \$22.7 million in 2010-11 as compared to the previous year. The most notable variance amongst the instructional categories occurred in "Teaching". These expenses routinely increase due to inflation and contractual obligations and include items such as computer upgrades in the classroom, new textbooks, increases in payments to Charter Schools, capital expenses for repairs and maintenance items, depreciation on facilities used for teaching, and school staff salaries and benefits including the Teachers' Retirement System, health care, long-term liabilities for workers' compensation and other post-employment benefits.

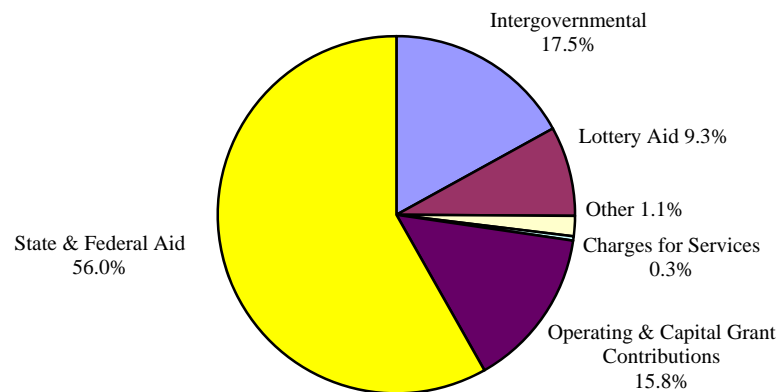
During 2010-11, pupil transportation expenses increased by approximately \$.49 million as compared to the previous year. Bus routes serviced by District owned buses were increased due to the addition of one new Charter School and the conversion of the Wilson Foundation to an elementary school. Additional labor hours, benefit costs and gas price volatility also contributed to the rise in expenses.

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

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



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

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 \$69,719,714, a decrease of \$19,080,368 from the prior year's fund balance of \$88,800,082. Components of the fund balance consist of a nonspendable fund balance of \$4,504,196, an assigned fund balance of \$41,600,031 and an unassigned fund balance of \$23,615,487. The nonspendable 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 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 decrease of approximately \$19.1 million in the combined ending fund balance is that no bonds were issued during the fiscal year to offset the expenditures for capital outlay.

General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the District had \$4,405,058 for prepayments in the nonspendable fund balance, \$40,728,264 of assigned fund balance and \$26,557,687 of unassigned fund balance. The assigned portion represents management's intended future use of available expendable financial resources.

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. In 2010-11, assigned and unassigned balances totaled \$67,285,951 and were approximately 12.7% of the total fund expenditures of \$531,795,635.

In the aggregate, revenues and other financing sources decreased by 5.7% while expenditures and other financing uses decreased by approximately 1.8% from fiscal year 2009-10 to fiscal year 2010-11. The net effect of these changes decreased the fund balance of the general fund by \$5,711,015, as compared to the previous year's balance.

Revenues from local sources decreased approximately \$3.9 million from the previous fiscal year. As mentioned previously, this decrease is primarily attributable to the reduction in ERate revenue of \$2.4 million due to one-time network upgrades that were reimbursed in 2009-10.

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

Revenues from State sources decreased by approximately \$8.3 million during fiscal year 2010-11 primarily due to New York State's struggle to respond to its own budget deficit. The amount of State aid provided to the District in any given year is determined by the State.

Federal revenue decreased by approximately \$11.3 million as compared to the prior year, as a result of a reduction of \$10.5 million in Federal Fiscal Stabilization (ARRA) funds between fiscal years 2009-10 and 2010-11, as previously mentioned.

Generally, the District was able to maintain nominal increases of 3.6% or less in most General fund expenditure categories, and in some cases moderate decreases, as compared to the previous year. Notable changes between fiscal years with respect to general fund expenditure categories are as follows:

Expenditures for the category "General Support – Staff" increased by approximately \$400,000 or 6.2%. The primary reason for this increase was increases in employee benefits such as health insurance for active employees and increases in the District's share of retirement system costs.

Expenditures for the category "Instructional - Teaching" increased by approximately \$10.9 million or 5.7%. A \$6.5 million increase in tuition payments to Charter Schools occurred in 2010-11 as compared to the prior year due to the addition of one new Charter School, the addition of grades to existing Charter Schools, an enrollment increase of 406 pupils and a per pupil tuition increase. The remaining increases are attributable to increases in employee benefits such as health insurance for active employees and increases in the District's share of retirement system costs.

Community services expenses increased by \$100,000, or 5.6%, during fiscal 2010-11 as compared to the previous year. The primary reason for this increase is an increase in staffing and benefits as part of the District's initiative to engage community participation and partnerships in an effort to help improve the District's quality of education.

Debt service payments of principal and interest increased by approximately \$900,000 or 20%, collectively. This was the result of regularly scheduled amortization payments of serial bonds to include the addition of principal and interest payments during 2010-11 for the 2009 Series C1 issue.

Special Aid Fund

There was no change in the Special Aid fund balance from fiscal year 2009-10 to fiscal year 2010-11, as the Special Aid fund maintains a "zero" fund balance from year to year. However, total revenues and expenditures from fiscal year 2009-10 to fiscal year 2010-11 increased by approximately \$5.7 million, or 5.5% overall. This is primarily attributable to the SIG Cohort 1 District grant in the amount of \$5.7 million that was newly awarded during 2010-11.

School Food Service

Revenues decreased by approximately \$0.5 million, or 3% in the School Food Service fund during fiscal 2010-11 as compared to the prior year, while expenses increased by approximately \$.3 million, or 2.0%, for an overall decrease to the fund balance of \$924,731 at the end of fiscal year 2010-11. The decrease in revenues is primarily attributable to decreased a la carte sales (the

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

District served 122,000 less meals in 2010-11 than in the previous year), as well as the discontinuance of the partnership with the City of Rochester for the summer recreation program.

The increase in expenses between fiscal years 2009-10 and 2010-11 is primarily due to salary and benefit increases for service providers, particularly, contractual salary increases and significant rate increases for the New York State Employees' Retirement System of more than 4% overall.

Debt Service

The City, at the request of the District, issues debt for the District which 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 2010-11. Any 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.

Capital Projects

The capital projects ending fund balance for fiscal year 2010-11 decreased by approximately \$9.8 million from the prior year's ending fund balance. It is normal for the Capital fund to show a fund balance decrease as capital projects are funded with bond anticipation notes, which will be converted to bonds when the final project costs are known and when long-term rates are most favorable, minimizing interest costs for the District. Later, when the BANs are converted to bonds, the revenue is recognized. There were no conversions in fiscal year 2010-11, as compared to \$60.2 million in conversions in the prior fiscal year.

The reduction in fund balance is the net result of recording \$10.2 million in revenue for the period, whereas, \$20.0 million was recorded in expenditures, including a transfer of \$0.2 million in funds out to the RJSCB component unit. The current expenditures were a \$6.8 million or 25.3% reduction from the prior year. The decrease was primarily due to a \$5.6 million decrease in spending on a near-completed major project, the Ryan Center, as well as a \$1.2 million decrease in the scope of the work completed on various other capital construction projects.

Rochester Joint Schools Construction Board (RJSCB)

This is the first year of reporting for the RJSCB. Under the provisions of GASB Statement No. 61, the RJSCB is presented as a blended component unit of the District. During the year, the RJSCB received a \$0.2 million transfer of funds from the District's Capital fund. The RJSCB recorded capital expenditures of \$2.9 million for the fiscal year 2010-11, primarily for project management, and preliminary architectural and design services associated with the Facilities Modernization Program. The RJSCB ended the fiscal year 2010-11 with a deficit fund balance of \$2.7 million. This deficit will be funded with serial bonds issued by the City.

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

Budgetary Highlights – General Fund

The original 2010-11 budget was increased/amended by \$232,846 as follows:

<u>Revenues</u>	
Local Sources	\$ 74,832
State Sources	1,158,014
Federal Sources	(1,000,000)
	<hr/> 232,846
Other Financing Sources - Transfers In	-
Appropriated Fund Balance	-
	<hr/> <hr/> \$ 232,846
<u>Expenditures</u>	
General Support	\$ 2,655,104
Instructional	1,309,373
Pupil transportation	1,142,528
Community services	(725,673)
Employee benefits	(6,131,317)
Debt service	716,957
	<hr/> (1,033,028)
Other Financing Uses - Transfers out	1,265,874
Fund Balance Reserve	-
	<hr/> <hr/> \$ 232,846

Budgetary Highlights – General Fund

Significant changes between the original and final amended budgets for general fund revenues occurred in two categories. State Sources increased by approximately \$1.2 million due to increases in Public and Private High Cost Aid. Federal Sources experienced a \$1.0 million decrease due to lower Medicaid reimbursements related to changing federal regulations for these services.

The most significant general fund expenditure budget changes occurred in the General Support and Employee Benefits categories. General Support increased by \$2.7 million due largely to the reclassification of a \$2.1 million Employment Preparation Education (EPE) audit budget. The EPE Audit repayment was originally budgeted as a New York State Aid revenue intercept deduction, but was moved into this category during the year to properly account for these costs. The net \$6.1 million budget decrease in the Employee Benefits budget was due largely to changes in Health Insurance, Unemployment Insurance, Workers' Compensation and Retirement Costs. Health Insurance decreased by \$5.0 million due to a mid-year staffing freeze and the federal Early Retirement Reinsurance Program (ERRP). The staffing freeze left many unfilled positions which reduced the need for health insurance by \$3.6 million. Additionally, the ERRP grant enabled the District to shift \$1.4 million in health insurance costs to the grant fund,

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

further reducing the general fund budget. The Unemployment benefits category experienced a \$3.9 million budget decrease. The original budget included a significant number of position reductions and related layoffs which were avoided by adding back targeted positions to reduce the number of layoffs and need for Unemployment Insurance. The Workers' Compensation budget experienced a \$1.2 million reduction as actual costs were less than anticipated in the original budget. These savings were partially offset by a \$4.0 million increase in the Retirement budget due to the addition of a NYS retirement incentive. The payment of the incentive does not begin until the 2011-12 fiscal year and were not included in the original budget, but it was determined that these costs needed to be accrued in 2010-11 resulting in the increase.

Final Budget to Actuals – General Fund

Several general fund expenditure categories experienced significant favorable variances between the final budget and actual expenditures. These categories all fall within the Instructional group: Teaching Regular School, Special Apportionment Programs and Other Instructional costs. The favorable variances in each of these categories were the result of mid-year staffing and operating budget freezes which were put into place to generate savings to set aside funds for the 2011-12 Budget in anticipation of reduced New York State aid reimbursements and the end of Federal stimulus funding through the Title I and IDEA grants.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2011 amounted to \$405,597,316 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, machinery, equipment, and construction in progress. There was a net decrease in the District's investment in capital assets for the current fiscal year of \$8,960,892.

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

- Ongoing repairs and improvements. Asset additions of \$16.2 million were due to long-term facility improvements and code compliance projects at facilities throughout the District. These funds are used to 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.
- Continuation and near completion of the Thomas P. Ryan Center and Library and Audubon School #33 Addition and Renovation Project. This \$36.5 million project will integrate the Ryan Center with School #33 to provide a modern complex (school, library, and recreation center) to serve the needs of the northeast community of Rochester.

Rochester City School District's Capital Assets (Net of Depreciation)

	Governmental Activities	
	<u>2009-10</u>	<u>2010-11</u>
Land	\$ 17,439,068	\$ 17,439,068
Buildings & Improvements	371,146,117	363,736,837
Equipment & Other	17,746,106	16,663,031
Construction	8,226,917	7,758,380
Total	<u><u>\$ 414,558,208</u></u>	<u><u>\$ 405,597,316</u></u>

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

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 of \$152,489,769 which was backed by the full faith and credit of the City of Rochester.

	Governmental Activities	
	<u>2009-10</u>	<u>2010-11</u>
General Obligation Bonds	\$ 166,374,111	\$ 152,489,769

The City of Rochester, which issues debt on behalf of the District, has a rating of A from Standard & Poor's and an Aa3 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 purposes. The debt limit at June 30, 2011 was \$206,453,503, leaving a debt contracting margin of \$28,643,734.

For additional information on the District's long-term obligations, refer to Note IV. G. of this report.

Economic Factors and Next Year's Budgets and Rates

The District is located within the City of Rochester (Rochester). Rochester struggles to maintain a strong economy even though its major employers have gone through significant downsizing. Local economic challenges are further impacted by New York State's struggle to respond to its own budget deficit. While the State provided increased 2011-12 funding of \$8.1 million, this was more than offset by a reduction of \$23.8 million in Appropriated Fund Balance as the District could not continue the same level of support as it did in the 2010-11 Budget. An additional \$18.3 million revenue reduction occurred as a result of the ending of the Federal Stimulus package in support of Title I and IDEA programs. Along with revenue reductions, the District needed to decrease projected expenditures based on the anticipated increase of the 2010-11 cost structure. The 2011-12 budget reflects a number of cuts, touching all areas of the District, from central office to schools. Staffing reductions of 890 FTEs had the largest impact on the 2011-12 budget. This was necessary because of reduced revenue and the steady decline in enrollment over the past several years.

General Fund. The 2011-12 original budget of \$564,527,747 represents a decrease of approximately 2.9% from the 2010-11 amended budget of \$580,920,091. The decrease is attributable to district-wide staffing and operating reductions, offset by contractual salary and benefit increases.

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 Office of Administration, Rochester City School District, 131 West Broad Street, Rochester, New York 14614.

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BASIC FINANCIAL STATEMENTS

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets	
Cash & Cash Equivalents	\$ 101,265,137
Accounts Receivable	1,596,423
Due from Other Governments	66,791,313
Prepayments and Deposits	4,541,453
Inventories	99,138
Capital Assets (net of accumulated depreciation):	
Land	17,439,068
Buildings & Improvements	363,736,837
Equipment	16,663,031
Construction In Progress	7,758,380
Total Assets	\$ 579,890,780
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 47,202,575
Due To Fiduciary Funds	3,048,957
Due To Other Governments	3,055,727
Due To Retirement Systems	27,445,658
Unearned Revenue	1,122,350
Notes Payable - BANs	25,320,000
Noncurrent Liabilities:	
Due Within One Year	33,716,965
Due in More Than One Year	347,243,031
Total Liabilities	\$ 488,155,263
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 224,868,075
Unrestricted (Deficit)	(133,132,558)
Total Net Assets	\$ 91,735,517

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

**ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Function / Program	Expense	Program Revenues		Net (Expense) Revenue Changes in Net Assets Government Activities
		Charges for Services	Operating Grants and Contributions	
General Support:				
Board of Education	\$ 845,542	\$ -	\$ -	\$ (845,542)
Chief School Administrator	2,935,381	-	-	(2,935,381)
Finance	6,446,125	-	-	(6,446,125)
Staff	7,813,587	-	-	(7,813,587)
Central Services	74,794,471	784,618	29,965	(73,979,888)
Other	5,533,657	-	3,098,180	(2,435,477)
Total General Support	98,368,763	784,618	3,128,145	(94,456,000)
Instruction:				
Administration and Improvement	76,115,320	-	14,411,575	(61,703,745)
Teaching	444,285,066	1,279,395	68,467,862	(374,537,809)
Instructional Media	12,127,840	-	7,656,594	(4,471,246)
Pupil Services	32,369,551	-	6,984,075	(25,385,476)
Total Instruction	564,897,777	1,279,395	97,520,106	(466,098,276)
Pupil Transportation	60,056,572	-	1,894,999	(58,161,573)
Community Services	7,143,070	-	4,947,066	(2,196,004)
Interest on Long-Term Debt	8,283,576	-	-	(8,283,576)
Total Governmental Activities	\$ 738,749,758	\$ 2,064,013	\$ 107,490,316	(629,195,429)
General Revenues:				
Intergovernmental (Unrestricted)				119,100,000
Use of Money & Property				560,906
State & Federal Aid (Unrestricted)				381,842,297
Lottery Aid (Unrestricted)				63,411,761
Miscellaneous				7,206,095
Subtotal, General Revenues				572,121,059
Changes in Net Assets				(57,074,370)
Net Assets - Beginning				148,809,887
Net Assets - Ending				\$ 91,735,517

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

ROCHESTER CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

(continued next page)

	General	Special Aid	School Food Service
Assets			
Cash and cash equivalents	\$ 88,154,590	\$ -	\$ 26,023
Receivables:			
Accounts	827,245	454,960	314,188
Due from other funds	19,783,889	872,640	1,648,525
Due from other governments	35,444,546	30,049,061	1,248,786
Prepayments and deposits	4,541,058	395	-
Inventories at cost	-	-	99,138
Total assets	<u>\$ 148,751,328</u>	<u>\$ 31,377,056</u>	<u>\$ 3,336,660</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 32,708,345	\$ 5,887,805	\$ 1,637,936
Due to other funds	19,163,179	19,940,117	-
Due to other governments	2,869,601	186,126	-
Due to retirement systems	22,311,094	4,248,758	727,819
Deferred revenues	8,100	1,114,250	-
Notes payable - BANS	-	-	-
Total liabilities	<u>77,060,319</u>	<u>31,377,056</u>	<u>2,365,755</u>
Fund balances:			
Nonspendable			
Inventory	-	-	99,138
Prepayments	4,405,058	-	-
Assigned For			
Potential PYA claims	4,257,882	-	-
Workers' compensation	10,698,727	-	-
Subsequent year's expenditures	2,128,941	-	-
OPEB	20,889,758	-	-
Insurance claims	1,825,000	-	-
General support	112,493	-	-
Instructional support	810,463	-	-
Pupil transportation	5,000	-	-
School food service	-	-	871,767
Unassigned	26,557,687	-	-
Total fund balance	<u>71,691,009</u>	<u>-</u>	<u>970,905</u>
Total liabilities and fund balances	<u>\$ 148,751,328</u>	<u>\$ 31,377,056</u>	<u>\$ 3,336,660</u>

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

Capital Projects	RJSCB	Total Governmental Funds
\$ 13,065,693	\$ 18,831	\$ 101,265,137
-	30	1,596,423
13,749,285	-	36,054,339
48,920	-	66,791,313
-	-	4,541,453
-	-	99,138
<u>\$ 26,863,898</u>	<u>\$ 18,861</u>	<u>\$ 210,347,803</u>
\$ 1,644,776	\$ 2,702,196	\$ 44,581,058
-	-	39,103,296
-	-	3,055,727
157,987	-	27,445,658
-	-	1,122,350
25,320,000	-	25,320,000
<u>27,122,763</u>	<u>2,702,196</u>	<u>140,628,089</u>
-	-	99,138
-	-	4,405,058
-	-	4,257,882
-	-	10,698,727
-	-	2,128,941
-	-	20,889,758
-	-	1,825,000
-	-	112,493
-	-	810,463
-	-	5,000
-	-	871,767
(258,865)	(2,683,335)	23,615,487
<u>(258,865)</u>	<u>(2,683,335)</u>	<u>69,719,714</u>
<u>\$ 26,863,898</u>	<u>\$ 18,861</u>	<u>\$ 210,347,803</u>

ROCHESTER CITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2011

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

Total fund balances	\$ 69,719,714
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	397,838,936
Construction in progress for governmental activities is not a financial resource and, therefore, is not reported in the funds.	7,758,380
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(380,959,996)
Net accrued interest expense for bonds, notes and special program bond are not reported in the funds.	<u>(2,621,517)</u>
Net assets of governmental activities	<u>\$ 91,735,517</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 YEAR ENDED JUNE 30, 2011

(continued next page)

	General	Special Aid	School Food Service
Revenues			
Local sources:			
Use of money and property (interest and rent)	\$ 349,956	\$ -	\$ -
Intergovernmental	119,100,000	-	-
Other	7,281,906	2,136,839	382,145
State sources	419,364,684	25,126,261	491,855
Federal sources	10,760,565	80,227,216	13,704,816
Surplus food	-	-	932,137
Sales	-	-	402,473
Total revenues	<u>556,857,111</u>	<u>107,490,316</u>	<u>15,913,426</u>
Expenditures			
Current:			
General Support:			
Staff	7,179,406	-	-
Central services	47,213,335	29,965	-
Other	11,634,784	3,098,180	9,383,654
Instructional:			
Teaching - regular school	202,521,620	33,980,948	-
Special apportionment programs	116,692,123	19,951,564	-
Other	86,388,442	45,353,466	-
Pupil transportation	52,719,419	1,894,999	-
Community services	1,896,935	4,947,066	-
Cost of sales	-	-	7,454,503
Debt service:			
Principal	4,500,680	-	-
Interest	1,048,891	-	-
Capital outlay	-	-	-
Total expenditures	<u>531,795,635</u>	<u>109,256,188</u>	<u>16,838,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,061,476</u>	<u>(1,765,872)</u>	<u>(924,731)</u>
Other Financing Sources (Uses)			
Issuance of refunding bonds	980,453	-	-
Issuance of long-term debt	-	-	-
Transfers in	210,951	1,765,872	-
Transfers out	(31,963,895)	-	-
Total other financing sources (uses)	<u>(30,772,491)</u>	<u>1,765,872</u>	<u>-</u>
Net change in fund balances	(5,711,015)	-	(924,731)
Fund balances - beginning	77,402,024	-	1,895,636
Fund balances - ending	<u>\$ 71,691,009</u>	<u>\$ -</u>	<u>\$ 970,905</u>

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

Debt Service	Capital Projects	RJSCB	Total Governmental Funds
\$ 210,951	\$ -	\$ -	\$ 560,907
-	-	-	119,100,000
-	976,226	-	10,777,116
-	227,358	-	445,210,158
-	-	-	104,692,597
-	-	-	932,137
-	-	-	402,473
210,951	1,203,584	-	681,675,388
-	-	-	7,179,406
-	-	-	47,243,300
-	-	-	24,116,618
-	-	-	236,502,568
-	-	-	136,643,687
-	-	-	131,741,908
-	-	-	54,614,418
-	-	-	6,844,001
-	-	-	7,454,503
13,884,342	-	-	18,385,022
7,936,081	-	-	8,984,972
-	19,779,933	2,899,813	22,679,746
21,820,423	19,779,933	2,899,813	702,390,149
(21,609,472)	(18,576,349)	(2,899,813)	(20,714,761)
-	-	-	980,453
-	653,940	-	653,940
22,583,023	8,377,600	216,478	33,153,924
(973,551)	(216,478)	-	(33,153,924)
21,609,472	8,815,062	216,478	1,634,393
-	(9,761,287)	(2,683,335)	(19,080,368)
-	9,502,422	-	88,800,082
\$ -	\$ (258,865)	\$ (2,683,335)	\$ 69,719,714

ROCHESTER CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF GOVERNMENTAL
ACTIVITIES
YEAR ENDED JUNE 30, 2011

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

Net change in fund balances -- total governmental funds	\$ (19,080,368)
Proceeds of 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 liabilities. Proceeds of state-aid related revenue advances are recorded as revenue, (not as other financing sources for governmental funds) and are recorded as liabilities.	(1,113,799)
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.	20,736,363
The net increase in long-term debt for governmental funds is not recorded as an expenditure in governmental funds.	(49,357,070)
Capital projects expenditures for construction in progress are recorded in governmental funds as expenditures. Such expenditures are not recorded in the statement of activities because they are considered assets.	14,355,185
Capital projects expenditures for capital assets and certain equipment and building improvements are recorded in governmental funds as expenditures. Such expenditures are not recorded in the statement of activities because they are recorded as capital assets.	1,836,625
Depreciation is recorded in the statement of activities but not in the statement for governmental funds.	(24,930,493)
Asset disposals are recorded in the statement of activities but not in the statement for governmental funds.	(4,994,599)
Depreciation associated with disposed assets is recorded in the statement of activities but not in the statement for governmental funds.	4,772,390
The net interest on bonds and notes is accrued in the statement of activities but not in the statement for governmental funds.	701,396
Changes in net assets of governmental activities	<u><u>\$ (57,074,370)</u></u>

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

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
Assets		
Cash and Cash Equivalents	\$ 718,239	\$ 301,047
Due from Other Funds	2,679,713	369,244
Total Assets	<u>\$ 3,397,952</u>	<u>\$ 670,291</u>
Liabilities and Net Assets		
Accrued Liabilities	\$ 448,177	\$ -
Accounts Payable	-	9,902
Due to Student Groups	222,359	-
Due to Retirement Systems	2,727,416	-
Total Liabilities	<u>3,397,952</u>	<u>9,902</u>
Net Assets		
Restricted	<u>-</u>	<u>660,389</u>
Total Liabilities and Net Assets	<u>\$ 3,397,952</u>	<u>\$ 670,291</u>

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

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Private Purpose
Trusts**

Additions:

Interest	\$ 1,427
Scholarships	32,507
Gifts and Donations	<u>19,734</u>
Total additions	53,668

Deductions:

Scholarships	78,636
Gifts and Donations	<u>98,310</u>
Total deductions	<u>176,946</u>

Change in net assets (123,278)

Net Assets – Beginning of Year 783,667

Net Assets – End of Year \$ 660,389

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

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 Rochester City School District (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, 2010 to June 30, 2011. Of these financial statements, the statement of net assets 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 as an Agency Fund of the District. Separate financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 131 West Broad Street, Rochester, New York 14614.

The Rochester Joint School 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

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

and the District. Pursuant to the Act, the RJSCB intends to undertake a project consisting of the design, reconstruction, or rehabilitation of existing school buildings for their continued use as schools by the District. Statements of the Rochester Joint Schools Construction Board can be obtained from the RJSCB's Executive Director, located at 175 Martin Street, Rochester, New York 14605.

B. Government-Wide Financial Statements

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

The Statement of Governmental 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. Direct expenses are those that are clearly identifiable with a function. 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 legally restricted to 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 CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

Governmental fund 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 post-employment 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 which 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.

The District has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements and applicable standards under the Financial Accounting Standards Board (FASB) Codification issued on or before November 30, 1989, unless those standards or pronouncements conflict with or contradict GASB pronouncements.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

New York State General Municipal Law (Article 2 Section 11) governs the City's investment policies on behalf of the District. The City is authorized to deposit or invest funds in banks or trust companies located and authorized to do business in New York State on the District's behalf. City Council ordinance authorizes the specific banks or trust companies that may be used as depositories. Funds generally can be invested in time deposits, certificates of deposit, obligations of the U. S. Government and its agencies, and New York State and its municipalities.

Deposits include demand deposits and certificates of deposit. Deposits are collateralized with eligible securities of 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, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York.

Cash equivalents include U. S. Government securities through repurchase agreements. All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents. Repurchase agreement securities are valued monthly to confirm that the fair value of the securities is equal to or greater than the value of the investment. The fair value includes accrued interest from unmatured coupons on U. S. Treasury securities. Interest earnings are recorded at maturity and generally allocated to the appropriate fund by outstanding balance.

The District, in accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", reports investments at fair value on the balance sheet.

In addition, income from investments associated with one fund is assigned to other funds because of legal or contractual provisions. As such, investment income of \$210,951 for fiscal year 2010-11, 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.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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. For more information on interfund transactions, refer to Note IV. D.

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.

At the inception of the contract during fiscal 2009-10, Aramark Educational Services, LLC, a Food Service Management Company, took possession of \$301,292 of inventory (excluding government commodities). Upon termination of the Aramark contract, Aramark shall return mutually agreed upon inventory of this same value to the District. To the extent that the inventory on-hand at the termination of the contract is more or less than \$301,292, the appropriate adjustment shall be reflected on the final invoice.

6. Capital Assets

Capital assets, which include property, buildings, building improvements, and equipment, are reported in the Government-wide financial statements. Capital assets are defined by the District as assets 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 estimated purchased or constructed cost if donated.

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. Prepayments and Deposits

The District has prepaid certain General fund expenditures in the amount of \$4,405,058 at June 30, 2011. The majority of this amount is associated with tuition payments made to charter schools for services provided in the 2011-12 school year. These prepayments will be recorded as expenditures during fiscal year 2011-12. The District also recorded \$136,000 as refundable deposits which were paid to 3rd party administrators to fund any potential shortages for weekly payments of various health and dental claims. Additionally, an amount of \$395 was recorded as a prepayment in the Special Aid fund for travel expenses occurring during fiscal 2011-12.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

8. Compensated Absences

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 Government-wide financial statements.

9. Deferred Revenues

The District received cash in advance of expenditures for Special Aid fund projects in the amount of \$1,114,250 during fiscal year 2010-11, and has recorded it as deferred revenue. These funds represent receipts for various grants that were not fully spent at June 30, 2011. As the funds are spent during fiscal year 2011-12, revenue will be recorded. Additionally, an amount of \$8,100 was recorded as deferred revenue in the District's General fund. These funds were received by the District during fiscal 2010-11 for services to be performed in during 2011-12.

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 may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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 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.

11. Other Benefits

District employees participate in New York State Teachers' Retirement System and the New York State Employees' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premium as an expenditure.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. Post-Employment Benefits

The District provides post-employment benefits in the form of health insurance. The obligation of the District and its retirees to contribute to the cost of providing these benefits has been established pursuant to Board resolution and various collective bargaining agreements. Payments are budgeted annually without accrual and are based on the pay-as-you go method. For more information on post-employment benefits, see Note V. C. of this report.

13. 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 assets. Bond premiums, if any, would be deposited in the debt service fund and used to retire debt in the respective fund. The bond issuance costs are recorded by the City, the reporting entity which issues debt for the District.

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

14. Fund Equity

Government-wide statements

In the government-wide statements there are three classes of net assets:

- *Invested in capital assets, net of related debt* - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- *Restricted net assets* - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District does not currently have net assets reported in their government-wide statements that meet the definition of restricted net assets.
- *Unrestricted net assets* - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Statements

In the fund statements there are five classes of net assets:

- *Non-spendable fund balance* – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- *Restricted* – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or legislation.
- *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education.
- *Assigned* – Includes amounts that are constrained by the school 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.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

- *Unassigned* – Includes all other General fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district or deficit fund balance in funds other than the General fund.

The District shall maintain a minimum unrestricted general fund balance of 5% of the District's general fund annual operating expenditures, not to exceed 15%. Expenditures are to be spent from restricted fund balance first and then unrestricted. 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 unrestricted fund balance.

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 Principle

For the year ended June 30, 2011, the District implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 requires the District to change its fund balance classifications. The District also implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus. As a result of implementation of GASB Statement No. 61 the District has included the Rochester Joint Schools Construction Board in the District's financial statements as a blended component unit.

H. Recent Accounting Pronouncements

In December 2009, GASB issued Statement No. 57, *OPEB Measurements By Agent Employers and Agent Multiple-Employer Plans*. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. This Statement amends GASB Statement Nos. 43 and 45. GASB Statement No. 57 enables certain agent employers to use the alternative measurement method, a less complex and potentially less expensive alternative to a full actuarial valuation. It also adjusts the requirement that a defined benefit OPEB plan obtain an actuarial valuation, in light of the change allowing more qualifying employers to use the alternative measurement method and clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and their participating employers. GASB Statement No. 57 is effective for financial statements for periods beginning after June 15, 2011.

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions, Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. While the guidance included largely has been taken "as is" from the original FASB and AICPA pronouncements, it has been modified when appropriate to relate specifically to the governmental environment to increase its usefulness to this audience. By incorporating and maintaining this guidance in a single source, the Statement reduces the complexity of locating and

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

using authoritative literature needed to prepare state and local government financial reports. It also eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. The requirements of Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. Statement No. 63 also amends certain provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53). Statement No. 64 will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. Statement No. 64 is effective for periods beginning after June 15, 2011, again with earlier application encouraged.

I. Subsequent Events

Subsequent to the end of the fiscal year at June 30, 2011, the City of Rochester issued a Bond Anticipation Note on September 15, 2011 on behalf of the District in the amount of \$28,770,000 to finance school modernization costs. Proceeds will be transferred to the RJSCB, a blended component unit of the District, who will make the payments for administrative and construction related activity related to the school modernization program.

As part of the District's ongoing capital improvement program, the City of Rochester issued a Bond Anticipation Note on August 16, 2011 on behalf of the District in the amount of \$12,507,000 for ongoing improvements and repairs to schools not included in the initial stages of the school modernization program.

II. RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the Government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$380,959,996) difference are as follows:

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Bonds payable	\$ (155,310,821)
Compensated absences	(3,507,045)
Other post-employment benefits	(148,907,486)
Contractual obligations	(15,035,509)
Due to other governments	(36,772,680)
Claims payable	<u>(21,426,455)</u>
	<u>\$ (380,959,996)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the District-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 assets of governmental activities as reported in the government-wide statement of governmental activities.

One element of that reconciliation states that “Proceeds of 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 liabilities.” Details of this (\$1,113,799) difference are installment purchase contract proceeds.

Another 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 \$20,736,363 difference are as follows:

Bond principal payments	\$ 15,205,354
Contractual obligation principal payments	<u>5,531,009</u>
	<u>\$ 20,736,363</u>

Another element of that reconciliation states that “Net increase in long-term debt for governmental funds is not recorded as an expenditure in governmental funds.” Details of this (\$49,357,070) difference are as follows:

Claims payable	\$ 851,006
Other post-employment benefits	32,991,087
New York State teachers retirement incentive	10,985,571
New York State employees retirement incentive	3,400,288
Compensated absences	<u>1,129,118</u>
	<u>\$ 49,357,070</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 2010-11 began on July 1, 2010 and ended on June 30, 2011. 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

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – for General, Debt Service, 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 for the budget, which include the General, Special Aid, Debt Service, and School Food Service Funds, 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 his 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 unreserved fund balance. The Board of Education authorizes management to make transfers between the various budgetary line items in any fund within the fund level.

Amendments to the originally adopted budget, which exceed the legal spending control, would require approval from the Board of Education. Amendments to the originally adopted budget, not exceeding the legal spending control, may also be approved by the Board of Education. The budgetary data presented in the financial statements reflects all approved budget transfers and budget amendments. The approved budget amendments totaled \$232,846 for the General Fund and \$748,297 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.

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 \$222,359 within the Agency fund restricted for extraclassroom activities, \$13,065,693 in the Capital Projects fund for unexpended BAN and bond proceeds and \$301,047 and \$369,244 in the Private Purpose Trust fund and General Fund, respectively, restricted for scholarships and awards.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Investment and Deposit Policy -

The District implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City on behalf of the District.

Interest Rate Risk –

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

Credit Risk –

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

Custodial Credit Risk -

For an investment, 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.

1. Deposits

At year end, the District's deposits were \$22,743,514. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

2. Cash Equivalents

At year-end, the District had cash equivalents of \$90,745,716. The fair value of money market accounts was \$87,020,716 and the fair value of repurchase agreements was \$3,725,000. Cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

3. Investments

At year-end, the District had no investments.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

B. Receivables

As of year ended June 30, 2011 the accounts receivable for the District's individual major funds are as follows:

<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>RJSCB</u>	<u>Total</u>
\$827,245	\$454,960	\$314,188	\$30	\$1,596,423

The General fund receivable primarily represents facilities rental, an accrual from BOCES for tuition and nursing services rate adjustments and union release time due the District from the Rochester Teachers Association. The Special Aid receivable represents accrued revenues for locally funded grants. The School Food Service receivable primarily represents money due from the food service management company for inventories purchased from the District.

C. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 17,439,068	\$ -	\$ -	\$ 17,439,068
Construction in progress	8,226,917	14,355,185	14,823,722	7,758,380
Total capital assets not being depreciated	<u>25,665,985</u>	<u>14,355,185</u>	<u>14,823,722</u>	<u>25,197,448</u>
Capital assets being depreciated:				
Buildings & Improvements	\$ 571,735,784	\$ 11,780,675	\$ -	\$ 583,516,459
Equipment & Other	49,750,499	4,879,672	4,994,599	49,635,572
Total capital assets being depreciated	<u>621,486,283</u>	<u>16,660,347</u>	<u>4,994,599</u>	<u>633,152,031</u>
Less accumulated depreciation for:				
Buildings & Improvements	(200,589,667)	(19,189,955)	-	(219,779,622)
Equipment & Other	(32,004,393)	(5,740,538)	(4,772,390)	(32,972,541)
Total accumulated depreciation	<u>(232,594,060)</u>	<u>(24,930,493)</u>	<u>(4,772,390)</u>	<u>(252,752,163)</u>
Total capital assets being depreciated, net	<u>388,892,223</u>	<u>(8,270,146)</u>	<u>222,209</u>	<u>380,399,868</u>
District capital assets, net	<u>\$ 414,558,208</u>	<u>\$ 6,085,039</u>	<u>\$ 15,045,931</u>	<u>\$ 405,597,316</u>

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

Instructional teaching regular school	\$ 19,053,138
General support central services	5,155,007
Pupil transportation	618,731
Community services	103,617
	<u>\$ 24,930,493</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Significant Construction Commitments

In 2010-11, the District expended \$16,191,810 on capital assets. This disbursement was for equipment, land, construction in progress, and improvements to various facilities. It is estimated that \$126 million will be disbursed by the District on capital asset items during the next five fiscal years.

Asset Impairment and Insurance Recoveries

During the fiscal year 2010-11, the District had no material asset impairments or insurance recoveries.

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: 1.) Preliminary Project Stage, 2.) Application Development, 3.) 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

The interfund receivables and payables primarily result from using a consolidated cash account and processing reimbursements. These interfund receivables and payables are short-term and are typically repaid in less than one year. The following schedules summarize interfund receivables, payables and transfers at June 30, 2011.

Fund	Interfund Receivable	Interfund Payable
General	\$ 19,783,889	\$ 19,163,179
Special Aid	872,640	19,940,117
School Food Services	1,648,525	-
Capital Projects	13,749,285	-
Private Purpose Trusts	369,244	-
Agency	2,679,713	-
Total	<u>\$ 39,103,296</u>	<u>\$ 39,103,296</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

Transfer Out:	General Fund	Debt Service Fund	Capital Fund	Special Aid Fund	RJSCB	Total
General Fund	\$ -	\$ 22,583,023	\$ 7,615,000	\$ 1,765,872	\$ -	\$ 31,963,895
Debt Service Fund	210,951	-	762,600	-	-	973,551
Capital Fund	-	-	-	-	216,478	216,478
Total	<u>\$ 210,951</u>	<u>\$ 22,583,023</u>	<u>\$ 8,377,600</u>	<u>\$ 1,765,872</u>	<u>\$ 216,478</u>	<u>\$ 33,153,924</u>

E. Due from Other Governments

	General Fund	Special Aid Fund	School Food Service Fund	Capital Fund	Total
Local Governments	\$ 1,194,254	\$ 1,023,332	\$ -	\$ 48,920	\$ 2,266,506
New York State	30,018,125	12,141,737	99,903	-	42,259,765
Federal Government	4,232,167	16,883,992	1,148,883	-	22,265,042
Total	<u>\$ 35,444,546</u>	<u>\$ 30,049,061</u>	<u>\$ 1,248,786</u>	<u>\$ 48,920</u>	<u>\$ 66,791,313</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 2010-11 for operating leases was approximately \$104,000 and \$2.9 million, respectively.

The following is a schedule of the approximate total future minimum rental commitments required under operating leases as of June 30, 2011:

Fiscal Year	Receipts	Payments
2011-12	\$ 42,778	\$ 2,343,010
2012-13	4,546	1,219,748
2013-14	-	1,063,840
2014-15	-	925,000
2015-16	-	925,000
	<u>\$ 47,324</u>	<u>\$ 6,476,598</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

G. Long-Term Liabilities

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2011:

	Balance June 30, 2010	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,377,927	\$ 7,635,923	\$ 6,506,805	\$ 3,507,045	\$ 3,507,045
Claims Payable	20,575,449	5,360,179	4,509,173	21,426,455	5,656,035
Other Post Employment Benefits	115,916,399	51,981,776	18,990,689	148,907,486	-
Due To Other Governments:					
New York State Advance	16,666,667	-	666,667	16,000,000	666,666
New York State Education Department	8,515,762	-	2,128,941	6,386,821	2,128,941
New York State Special Purpose Bond 2003	4,142,064	-	1,321,012	2,821,052	1,385,256
New York State Teachers' Retirement Incentive	-	13,731,964	2,746,393	10,985,571	2,746,393
New York State Employees' Retirement Incentive	-	4,250,360	850,072	3,400,288	850,072
Installment Purchase Debt	16,657,111	1,113,799	2,735,401	15,035,509	2,842,187
General Obligation Bonds -					
Serial Bonds	166,374,111	-	13,884,342	152,489,769	13,934,370
Long-term Liabilities	<u>\$ 351,225,490</u>	<u>\$ 84,074,001</u>	<u>\$ 54,339,495</u>	<u>\$ 380,959,996</u>	<u>\$ 33,716,965</u>
Capital Projects Fund:					
Bond Anticipation Notes	<u>\$ 26,082,600</u>	<u>\$ -</u>	<u>\$ 762,600</u>	<u>\$ 25,320,000</u>	<u>\$ 25,320,000</u>

Compensated absences paid in fiscal year 2010-11 totaled approximately \$6.5 million. This amount is reflected in maturities / reductions along with any balance remaining from fiscal year 2009-10. The new issues / additions reflect the new long-term liability at June 30, 2011. The General Fund is typically used to liquidate this and other debt related liabilities. The schedule below presents the changes in estimated workers' compensation, which are included in claims payable:

	Workers' Compensation
Estimated claims June 30, 2009	\$ 19,408,234
Additions 2009-10	5,130,162
Payments 2009-10	<u>4,000,947</u>
Estimated claims June 30, 2010	<u>20,537,449</u>
Additions 2010-11	5,315,574
Payments 2010-11	<u>4,455,568</u>
Estimated claims June 30, 2011	<u>\$ 21,397,455</u>

Due to Other Governments includes a special purpose revenue bond due to the New York State Municipal Bond Bank Agency (MBBA) and 2 debt instruments due to the New York State Education Department (SED). Each of these liabilities is explained below.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

At the end of fiscal year 2002-03, the MBBA issued a 10-year Special Purpose Revenue Bond in the amount of \$12,209,961 to the District. The Special Purpose Revenue Bond was offered by the SED based on estimated refunds/prior year adjustment state aid credits that would be owed by the State to the District. The District paid for bonding costs, and opted to receive this money in advance. In 2010-11, the District paid \$130,020 in interest net of escrow earnings and \$1,321,012 in principal payments for this bond. Annual principal and interest payments associated with this bond will be approximately \$1.5 million per year through fiscal 2012-13.

At the end of the fiscal year 2004-05, the State Education Department (SED) issued an advance of lottery revenues in the amount of \$20,000,000. This money represents an advance in state aid and will be repaid over 30 years, at 0% interest. These repayments began in 2005-06 and are recorded as annual deductions to state aid/revenue.

As a result of the SED audit of Employment Preparation Education (EPE) in January 2001, it was determined that the District owed the SED net \$12,773,644 for disallowances of grant expenditures associated with fiscal years 1997-98 through 1999-00. The payments to the SED are scheduled to be made interest free in six equal, annual installments. At June 30, 2011, three payments remain.

The District has various installment purchase agreements with Xerox Corporation for purchasing copiers and printers. Generally, the terms of these agreements are of a 60 month duration or until the equipment is no longer in service, whichever is sooner. The original amount of the contracts issued during fiscal 2010-11 is \$653,940.

During 2010-11 the debt associated with Energy Performance upgrade projects was refinanced in the amount of \$8,237,857 at an interest rate of 2.89% for Phase I and \$4,969,201 at an interest rate of 3.06% for Phase 2. A net savings of \$389,631 for Phase I refinancing and \$193,617 for Phase II refinancing occurred as a result of the debt refinancing. The outstanding amount of this debt at the end of the prior year was \$8,339,410 for Phase I and \$5,465,570 for Phase II.

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 3.00% to 5.521%. The original amounts of these general obligation bonds are as follows:

Issue	Original Amount (000's)	Maturity Date
1997 Series	\$ 21,805	10/01/2010
1999 Series	28,350	10/01/2011
2001 Series A	12,225	10/15/2014
2001 Series B	25,045	02/15/2013
2004 Series A	20,535	10/15/2021
2004 Series B	36,710	02/15/2022
2006 Series A	39,262	02/15/2015
2006 Series B	7,585	10/15/2024
2008 Series B	10,797	10/01/2026

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The District had authorized but unissued general obligation bonds as of June 30, 2011 of \$12,507,000 to finance the cost of construction and renovation of various schools. The debt contracting margin of the District as of June 30, 2011 was \$28,643,734. An additional \$29 million was authorized but unissued as of June 30, 2011 in association with the reconstruction of various schools as part of the Rochester City School District Facilities Modernization Program. For additional information on this program, refer to note V. D.

As a result of the federal stimulus legislation that was passed by the Obama Administration in early 2009, a new type of debt instrument called the Build America Bond (BAB) was issued. These bonds offer municipalities a 35% federal subsidy on interest payments on those BABs that are taxable. On December 30, 2009, the District was issued a taxable BAB in the amount of \$1,710,000. The District received its first subsidy of \$20,240 in August 2010; the District will receive semi-annual subsidys of \$16,192 through February 2018; the District's final subsidy of \$8,096 will be paid semi-annually during fiscal 2018-19.

During fiscal 2002-03 the City financed \$30,295,000 through the Dormitory Authority of the State of New York to advance refund \$29,875,900 of general obligation bonds, now considered defeased, and \$419,100 of associated issuing costs. This was done to restructure District debt service payments to more closely match New York state reimbursement levels for building aid, which are paid out over a more extended timeframe. Based on a present value analysis, the school district had a \$977,900 economic loss resulting from extending the term of the debt. The proceeds from this refunding issue are held in an irrevocable trust on behalf of the original bondholders, thus eliminating the liability for refinanced bonds. The indebtedness to the Dormitory Authority is secured with the assignment and pledge of state education aid.

The District paid no arbitrage to the Federal Government during 2010-11. 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. Long-term debt service requirements for principal and interest as of June 30, 2011 are being recorded in Due to Other Governments (excluding NYS Advance and SED liabilities), Installment Purchase Debt, and Serial Bonds. The following debt service requirements schedule is recorded at gross amounts (000's omitted):

Fiscal Year				
Ending				
June 30	Principal	Interest	Total	
2012	\$ 18,162	\$ 6,878	\$ 25,040	
2013	17,391	6,434	23,825	
2014	15,491	5,778	21,269	
2015	15,345	5,146	20,491	
2016	15,340	4,500	19,840	
2017-2021	64,858	13,299	78,157	
2022-2026	23,277	1,925	25,202	
2027-2031	482	2	484	
	<u>\$ 170,346</u>	<u>\$ 43,962</u>	<u>\$ 214,308</u>	

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

H. Bond Anticipation Notes

Bond Anticipation Notes (BANs) with rates of 1.5% or 2.0% issued during fiscal 2010-11, have maturities which extend through February 2012. The District had \$25,320,000 of BANs outstanding at June 30, 2011. 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.

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. Also, the District carries a general liability policy with a self-insured retention of \$500,000 and the following limits:

Aggregate Limit	\$ 20,000,000
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. These programs are administered by the Department of Employee Benefits. The District maintains a policy of either full or partial self-insurance for workers' compensation, major medical claims, student accidents, and a medical reimbursement account. These programs are administered by third party administrators.

The schedule below presents the calculation of the District's estimated claims at June 30, 2011 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. The estimated claims for the other self-insured programs represent an amount based on prior experience with actual payments of claims.

	Workers'	Major	Student	Medical	
	Compensation	Medical	Accident	Reimbursement	Total
				Account	
Estimated claims July 1, 2009	\$ 5,499,655	\$ 217,800	\$ 20,000	\$ -	\$ 5,737,455
Claims incurred 2009-10	3,664,810	1,240,443	72,583	610,075	5,587,911
Payments 2009-10	4,000,947	1,451,243	61,583	610,075	6,123,848
Estimated claims June 30, 2010	<u>\$ 5,163,518</u>	<u>\$ 7,000</u>	<u>\$ 31,000</u>	<u>\$ -</u>	<u>\$ 5,201,518</u>
Estimated claims July 1, 2010	\$ 5,163,518	\$ 7,000	\$ 31,000	\$ -	\$ 5,201,518
Claims incurred 2010-11	4,919,085	-	44,605	-	4,963,690
Payments and reductions 2010-11	4,455,568	7,000	46,605	-	4,509,173
Estimated claims June 30, 2011	<u>\$ 5,627,035</u>	<u>\$ -</u>	<u>\$ 29,000</u>	<u>\$ -</u>	<u>\$ 5,656,035</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Historically, the District has not had a material insurance loss that was not covered by the District's insurance coverage. Immaterial insurance losses that may not be covered by the District's insurance coverage would be covered through the District's operating budget.

The District uses the general fund to account for its current risk financing activities. A current liability of \$5,627,035 and a non-current liability of \$15,770,420 for estimated future claims for the self-insured workers' compensation program have been recorded on the statement of net assets.

The District has been self-insured since 1978 for workers' compensation. The District does not purchase "stop loss" insurance for this, so it is at full risk for all claim payments. However, the District has assigned \$10,698,727 of its fund balance for this purpose, which represents approximately half of the estimated total claims liability. With the restructuring of health insurance plans, the District terminated major medical insurance on 12/31/09, therefore no reserve is reported as of 06/30/11.

The medical reimbursement account was another self-funded, section 105 plan, which reimbursed active employees who were enrolled in an HMO for increases in co-pays that occurred as a result of changing HMO plans effective January 1, 2002. Effective January 1, 2010, the District changed HMO plans once again in an effort to contain the rapidly rising costs of healthcare. As a result of this change, the medical reimbursement account was phased out.

The District is self-insured for student accidents. The student accident program is administered by a third party administrator and provides coverage up to \$15,000 for accidental injury suffered by each student during any school related activity. The District pays claims as incurred and has suffered no material losses associated with this account.

B. Employee Retirement Systems

1. New York State Teachers' Retirement System

Plan Description

The District makes contributions to the New York State Teachers' Retirement System (TRS), a cost-sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The TRS provides retirement, disability, withdrawal and death 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 TRS issues a publicly available financial report that contains financial statements and required supplementary information for the TRS. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Funding Policy

Plan members who joined the TRS before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute three percent of their annual salary. Employees joining on or after January 10, 2010 are required to contribute three and a half percent of their annual salary throughout their active membership. Employers are required to contribute at an actuarially determined rate, currently 8.62% of annual covered payroll for the fiscal year ended June 30, 2011. Rates applicable to the fiscal years ended June 30, 2010 and 2009 were respectively, 6.19% and 7.63%. The District's

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

required contributions paid to the TRS during the following fiscal years ended June 30 were 100 percent of the contributions required:

Fiscal Year	Contributions
2010-11	\$16,169,411
2009-10	20,105,226
2008-09	21,437,247

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for the TRS.

2. New York State and Local Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Comptroller of the State of New York for non-certificated (not licensed to teach in New York State) employees of the District. The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

Plan members who joined the ERS before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute three percent of their annual salary. Employees joining on or after January 1, 2010 are required to contribute three percent of their annual salary throughout their active membership. The Comptroller of the State of New York certifies the rates expressed as proportions of members' payroll annually, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

Fiscal Year	Contributions
2010-11	\$8,308,166
2009-10	4,996,727
2008-09	5,094,288

The District's contributions made to the ERS were equal to 100 percent of the contributions required for each year. As part of the 2010-11 contributions, \$296,039 was related to prior year adjustments.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. Pension Liability as of June 30, 2011

Fund Group	Employee's Retirement System	Teachers' Retirement System	Total Retirement System
General	\$ 1,726,429	\$ 20,584,665	\$ 22,311,094
Special Aid	687,486	3,561,272	4,248,758
School Food Service	727,819	-	727,819
Capital Projects	155,057	2,930	157,987
Agency	161,176	2,566,240	2,727,416
Total	<u>\$ 3,457,967</u>	<u>\$ 26,715,107</u>	<u>\$ 30,173,074</u>

As part of the General fund's current liability, \$850,072 is associated with the New York State Early Retirement Incentive offered at the end of fiscal 2009-10. The District's total cost for this incentive is projected to be \$4,250,360, or 5 equal installment payments of \$850,072 for 5 consecutive years beginning in fiscal 2011-12. Also as part of the General fund's current liability, \$2,746,393 is associated with the Chapter 105 Part A teachers' retirement incentive offered by New York State at the end of fiscal 2009-10. The District's total cost for this incentive is projected to be \$13,731,964, or 5 equal installment payments of \$2,746,393 for 5 consecutive years beginning in fiscal 2011-12.

4. Payroll

The total payroll for all employees of the District for the fiscal year 2010-11 was \$332,747,417 of which \$64,103,459 represented payroll costs for employees covered by the ERS, \$252,100,151 by the TRS, and \$16,543,807 for nonparticipating employees. All full-time teachers are mandatory members.

Required contributions made in 2010-11 and percentage of covered payrolls for the billing period for the systems were as follows:

	Employees' Retirement System	% of Covered Payroll	Teachers' Retirement System	% of Covered Payroll	Total	% of Covered Payroll
Employer	\$8,308,166	13.0	\$16,169,411	6.4	\$24,477,577	7.7
Employees	<u>1,888,340</u>	<u>2.9</u>	<u>2,853,075</u>	<u>1.1</u>	<u>4,741,415</u>	<u>1.5</u>
Total	<u>\$10,196,506</u>	<u>15.9</u>	<u>\$19,022,486</u>	<u>7.5</u>	<u>\$29,218,992</u>	<u>9.2</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

C. Post-Employment Health Care Benefits

Plan Description

The Rochester City School District maintains a single-employer, post-retirement health care plan administered by Excellus. A publicly available financial report that includes financial statements and required supplementary information may be obtained by writing to Excellus Blue Cross Blue Shield of Rochester, 344 South Warren Street, PO Box 4809, Syracuse, NY 13221.

Funding Policy

The District, per its contracts with employee units, will pay the full premium costs for the basic health and hospitalization coverage (currently provided by Excellus Blue Cross/Blue Shield of the Rochester Area) for an employee of the District at retirement, provided the employee has at least ten consecutive years of continuous employment with the District prior to the date of retirement. These contracts will be renegotiated at various times in the future.

If the retiree chooses to enroll in an alternate Health Maintenance Organization (HMO) or the Exclusive Provider Organization (EPO) plan, the District contributes the equivalent dollar value of a basic Blue Cross and Blue Shield plan toward the HMO/EPO premium. The retiree pays the difference between the District contribution and the actual HMO/EPO premium. Upon eligibility for Medicare, the District's contribution towards health insurance will be adjusted to match the appropriate Medicare Supplemental Plan premiums.

The District finances its post-employment health care benefit on a pay-as-you-go basis. The expenditure recognized at June 30, 2011 for this purpose was \$18,990,689. The number of participants enrolled in the District's retirees' health insurance group was 3,939 retirees.

Annual OPEB Cost and Net OPEB Obligation

The annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's components of the annual OPEB cost for the fiscal year 2010-11, the amount actually contributed to the plan, and changes in the District's net OPEB obligation are:

Annual required contribution	\$ 54,048,577
Interest on net OPEB obligation	4,636,656
Adjustment to annual required contribution	<u>(6,703,457)</u>
Annual OPEB cost (expense)	51,981,776
Contributions made	<u>(18,990,689)</u>
Increase in net OPEB obligation	32,991,087
Net OPEB obligation – July 1, 2010	<u>115,916,399</u>
Net OPEB obligation – July 1, 2011	<u>\$148,907,486</u>

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2010-11 were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/11	\$51,981,776	36.5	148,907,486
06/30/10	41,746,291	32.8	115,916,399
06/30/09	40,169,055	28.4	87,843,472

Funded Status and Funding Progress

As of the most recent valuation date of May 1, 2010, the OPEB plan was unfunded, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$476 million. As previously mentioned, the District's post-retirement medical plan's benefits are funded on a pay-as-you-go-basis (a cash basis as benefits are paid). No assets have been segregated and restricted to provide post-retirement benefits. The District has, however, opted to assign \$20,889,758 of its General fund balance for future OPEB costs as of June 30, 2011. Because these funds are not part of the restricted fund balance, they are not an indication of plan funding.

The total annual payroll for all employees of the District for the fiscal year 2010-11 who are eligible for postretirement benefits is \$286,446,657. The ratio of the unfunded actuarial accrued liability at June 30, 2011 to annual covered payroll for 2010-11 is 166%. A schedule of funding progress which presents multi-year information immediately follows the notes to the financial statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Liabilities were computed using the projected unit credit method and are amortized on a level dollar open basis using a 30 year amortization period. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the District's general assets which are short-term in nature (such as money market funds) were considered in the selection of the 4% rate. The valuation assumes an 7.9% healthcare cost trend increase for 2012, with gradual reductions to a rate of 4.5% in 2028 and future years.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 20010-11, MRA claims totaling \$35,661 were paid by the District and at June 30, 2011 there were 33 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 includes seven members: Three are appointed by the Superintendent of Schools; three are appointed by the Mayor of the City of Rochester; and the seventh is appointed by mutual agreement by the Superintendent and Mayor.

The Facilities Modernization Program (the "FMP") will be executed in three phases; the RJSCB has been charged with overseeing Phase I of the FMP. The RJSCB has contracted with the Gilbane Building Co., partnering with Savin Engineers, as the Program Manager. Gilbane began work in July 2010 and is responsible for managing and administering program design and construction at the direction of the RJSCB. Planning for Phase I, which was authorized by the State of New York, is underway and expected to total up to \$325 million in 13 bonded projects. The RJSCB, on January 31, 2011, voted to send the Draft Comprehensive School Facilities Modernization Plan, Phase I, to Albany for review by the State. The plan is a concept draft for initial review by NYS. Plans for individual buildings will be refined during the final design process with the input of the Building Advisory Committees for each building. With Phases II and III, the FMP is expected to span nearly two decades, totaling approximately \$1.2 billion and will be the largest public works project in Rochester's history.

Financing of RJSCB

The RJSCB is expected to finance Phase I of the FMP with Bonds issued by the County of Monroe Industrial Development Agency ("COMIDA"). Until the COMIDA bonds are issued, the City has agreed to issue debt on behalf of the District in the form of Bond Anticipation Notes ("BANs") to pay preliminary and incidental costs of the reconstruction of various school buildings for Phase I of the FMP. In accordance with Chapter 416 of the Laws of 2007 of the State of New York and as authorized by City Council on June 7, 2011 (and amended on August 16, 2011), a Bond Anticipation Note in the amount of \$28,770,000 (2011 Series III) was issued on September 15, 2011, maturing on June 29, 2012. The note is registered in the name of Cede & Co., as nominee for the Depository Trust Company.

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

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 \$1.712 million relative to 14 separate cases which were pending as of June 30, 2011.

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, 2011, the District has reserved and encumbered approximately \$10,000 in asbestos abatement and air monitoring related contracts for active renovation projects. Also, the District has reserved and encumbered an additional \$323,000 in funds which could be used for other pollution remediation obligations should the need arise. The District has evaluated and determined that there are no other specific pollution related obligations as of June 30, 2011.

F. Related Party Transactions

The District receives certain services from vendors in which a board member(s) is a vested employee. These services amounted to approximately \$4.8 million for the year ended June 30, 2011 for the Catholic Family Center, M&T Bank, the Rochester Area Community Foundation, Dale Carnegie, the Ibero-American Action League, and the Baden Street Settlement of Rochester. At June 30, 2011, the District had \$2,347 in outstanding accounts payable with these vendors.

G. Calculation of Investment in Capital Assets, Net of Related Debt

Capital assets		\$658,349,479
Less: Depreciation	\$252,752,163	
Related outstanding debt	<u>180,729,241</u>	
Invested in Capital Assets, Net of Related Debt		<u>\$224,868,075</u>

The related outstanding debt comprises the following:

Bonds payable	\$152,489,769
Bond anticipation notes	25,320,000
Installment purchase debt	<u>15,035,509</u>
	192,845,278
Less: Unspent proceeds	<u>(12,116,037)</u>
	<u>\$180,729,241</u>

REQUIRED SUPPLEMENTARY INFORMATION

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Actuarial accrued liability (AAL)	\$360,956,099	\$383,027,060	\$475,729,333
Actuarial value of assets	-	-	-
Unfunded AAL	<u>\$360,956,099</u>	<u>\$383,027,060</u>	<u>\$475,729,333</u>
Funded ratio	0%	0%	0%
Covered payroll	\$ 319,759,956	\$ 315,568,084	\$ 286,446,657
Unfunded AAL as a percentage of covered payroll	112.88%	121.38%	166.08%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Employer Contribution</u>
6/30/2011	\$ 18,990,689
6/30/2010	\$ 13,673,364
6/30/2009	\$ 11,394,381

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, 2011

REVENUES	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 425,000	\$ 349,955	\$ 349,956	\$ 1
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Other	6,591,988	6,741,865	7,281,906	540,041
State Sources	417,568,772	418,726,786	419,364,684	637,898
Federal Sources	10,821,791	9,821,791	10,760,565	938,774
Total Revenues	554,507,551	554,740,397	556,857,111	2,116,714
EXPENDITURES				
Current:				
General Support:				
Staff	4,600,807	5,935,044	5,804,248	130,796
Central Services	42,680,479	39,822,878	39,213,968	608,910
Other	4,937,019	9,115,488	9,058,049	57,439
Instructional				
Teaching -- Regular School	151,212,578	155,361,204	150,231,758	5,129,446
Special Apportionment Programs	93,745,290	92,800,515	89,704,076	3,096,439
Other	69,377,362	67,482,883	62,632,662	4,850,221
Pupil Transportation	50,581,763	51,724,291	50,579,345	1,144,946
Community Services	2,308,498	1,582,825	1,411,518	171,307
Employee Benefits				
Retirement	24,708,000	29,123,009	28,906,709	216,300
Social Security	21,691,011	21,277,503	20,693,262	584,241
Health Insurance	63,475,458	58,476,868	57,977,289	499,579
Workers' Compensation	6,340,239	5,363,817	5,280,290	83,527
Other	9,485,511	5,327,705	5,278,449	49,256
Debt Service	4,845,208	5,562,165	5,549,571	12,594
Total Expenditures	549,989,223	548,956,195	532,321,194	16,635,001
Excess of Revenues Over Expenditures	4,518,328	5,784,202	24,535,917	18,751,715
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	-	980,453	980,453
Operating Transfers In	300,000	300,000	210,951	(89,049)
Operating Transfers Out	(30,698,022)	(31,963,896)	(31,963,895)	1
Total Other Financing Sources (Uses)	(30,398,022)	(31,663,896)	(30,772,491)	891,405
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses Budget Basis	\$ (25,879,694)	\$ (25,879,694)	(6,236,574)	\$ 19,643,120
Encumbrances Included in Actual			927,956	
Excess of Revenues and Other Sources Over Expenditures, Encumbrances and Other Uses			(5,308,618)	
Expenditure of Prior Years' Encumbrances			(402,397)	
Excess of Revenues and Other Sources Over Expenditures and Other Uses			(5,711,015)	
Fund Balance -- Beginning of Year			77,402,024	
Fund Balance -- End of Year			\$ 71,691,009	

**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, 2011**

Special Aid Fund				
Budgeted Amounts				
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Local Sources	\$ 2,585,222	\$ 4,439,148	\$ 2,136,839	\$ (2,302,309)
State Sources	25,717,367	25,564,258	25,126,261	(437,997)
Federal Sources	65,896,912	90,239,344	80,227,216	(10,012,128)
Total Revenues	94,199,501	120,242,750	107,490,316	(12,752,434)
EXPENDITURES				
Current:				
General Support:				
Staff			-	-
Central Services	1,560	31,355	25,316	6,039
Other	3,166,909	3,869,371	2,644,287	1,225,084
Instructional				
Teaching -- Regular School	33,808,150	43,322,193	37,096,341	6,225,852
Special Apportionment Programs	21,975,489	22,610,923	20,977,747	1,633,176
Other	17,639,857	28,811,069	27,566,343	1,244,726
Pupil Transportation	1,094,567	2,345,764	1,849,480	496,284
Community Services	2,033,782	3,085,301	2,605,729	479,572
Employee Benefits				
Retirement	3,958,412	4,676,851	4,132,837	544,014
Social Security	3,311,247	4,058,800	3,544,187	514,613
Health Insurance	6,388,070	7,464,129	7,359,452	104,677
Workers' Compensation	696,943	839,842	784,744	55,098
Other	624,515	893,025	669,725	223,300
Total Expenditures	94,699,501	122,008,623	109,256,188	12,752,435
Excess of Revenues Over Expenditures	(500,000)	(1,765,873)	(1,765,872)	1
OTHER FINANCING SOURCES				
Operating Transfers In	500,000	1,765,873	1,765,872	(1)
Total Other Financing Sources	500,000	1,765,873	1,765,872	(1)
Excess of Revenues and Other Sources Over Expenditures Budget Basis				
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance -- Beginning of Year			<u>-</u>	
Fund Balance -- End of Year			<u>\$ -</u>	

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) – SCHOOL FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2011

School Food Service Fund				
Budgeted Amounts				
REVENUES	Original Budget	Final Budget	Actual	Variance With Final Budget
Local Sources:				
Other	\$ 760,000	\$ 326,484	\$ 326,484	\$ -
State Sources	508,000	491,855	491,855	-
Federal Sources	14,822,000	15,095,087	15,095,087	-
Total Revenues	<u>16,090,000</u>	<u>15,913,426</u>	<u>15,913,426</u>	<u>-</u>
EXPENDITURES				
Current:				
General Support:				
Other	13,678,624	14,048,974	14,048,834	140
Employee Benefits				
Retirement	795,248	699,878	699,878	-
Social Security	395,551	400,688	400,688	-
Health Insurance	1,150,973	1,596,420	1,596,420	-
Workers' Compensation	65,604	88,608	88,608	-
Other	4,000	3,729	3,729	-
Total Expenditures	<u>16,090,000</u>	<u>16,838,297</u>	<u>16,838,157</u>	<u>140</u>
 Deficiency of Revenues Over Expenditures	 <u>-</u>	 <u>(924,871)</u>	 <u>(924,731)</u>	 <u>140</u>
Appropriation of Prior Year Fund Balance	<u>-</u>	<u>924,871</u>		<u>(924,871)</u>
Deficiency of Revenues				
Over Expenditures Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>(924,731)</u>	<u>\$ (924,731)</u>
Fund Balance -- Beginning of Year			1,895,636	
Fund Balance -- End of Year			<u>\$ 970,905</u>	

SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2011
(continued next page)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year Revenues</u>	<u>Over (Under) Amended Budget</u>
Revenues				
Local Sources:				
Use of Money and Property	\$ 425,000	\$ 349,955	\$ 349,956	\$ 1
Intergovernmental	119,100,000	119,100,000	119,100,000	-
Charges for Services	1,275,000	1,398,000	1,279,395	(118,605)
Forfeitures	2,000	2,000	-	(2,000)
Miscellaneous	5,314,988	5,341,865	6,982,964	1,641,099
State Sources	417,568,772	418,726,786	419,364,684	637,898
Federal Sources	10,821,791	9,821,791	10,760,565	938,774
Total Revenues	<u>554,507,551</u>	<u>554,740,397</u>	<u>557,837,564</u>	<u>3,097,167</u>
Other Sources				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>210,951</u>	<u>(89,049)</u>
Total Revenues and Other Sources	<u>\$ 554,807,551</u>	<u>\$ 555,040,397</u>	<u>\$ 558,048,515</u>	<u>\$ 3,008,118</u>

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2011 (continued next page)

Expenditures	Original Budget	Final Budget
General Support:		
Staff	\$ 4,600,807	\$ 5,935,044
Central Services	42,680,479	41,822,878
Board of Education	551,485	560,257
Central Administration	2,246,058	2,313,061
Finance	4,547,625	4,637,245
Other	(2,408,149)	(1,395,075)
Instructional		
Teaching - Regular School	151,212,578	156,361,205
Programs for Children with Handicapping Conditions	87,927,760	87,485,029
Occupational Education	5,817,530	5,315,486
Instruction, Administration and Improvement	43,544,357	42,267,721
Teaching - Special Schools	3,250,527	2,611,213
Instructional Media	3,994,138	4,109,864
Pupil Services	18,588,340	18,494,084
Pupil Transportation	50,581,763	51,724,291
Community Services	2,308,498	1,582,825
Employee Benefits:		
Retirement	24,708,000	28,323,009
Social Security	21,691,011	21,577,503
Health Insurance	63,475,458	58,476,868
Workers' Compensation	6,340,239	5,163,817
Other	9,485,511	6,027,705
Debt Service		
Principal	3,786,345	4,505,639
Interest	1,058,863	1,056,526
Total Expenditures	549,989,223	548,956,195
Other Uses		
Transfers Out	30,698,022	31,963,896
Total Expenditures and Other Uses	580,687,245	580,920,091
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$ (25,879,694)	\$ (25,879,694)

<u>Current Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balance</u>
\$ 5,804,248	\$ -	\$ 130,796
39,102,225	111,743	2,608,910
563,577	750	(4,070)
2,045,729	-	267,332
4,208,854	-	428,391
2,239,139	-	(3,634,214)
		-
149,664,566	567,193	6,129,446
84,659,810	338	2,824,881
5,043,927	-	271,559
40,390,719	14,985	1,862,017
1,760,124	-	851,089
3,476,823	181,027	452,014
16,762,064	46,920	1,685,100
50,579,345	5,000	1,139,946
1,406,518	-	176,307
		-
28,906,709	-	(583,700)
20,693,262	-	884,241
57,977,289	-	499,579
5,280,290	-	(116,473)
5,278,449	-	749,256
		-
4,500,680	-	4,959
1,048,891	-	7,635
531,393,238	927,956	16,635,001
31,963,895	-	1
563,357,133	\$ 927,956	\$ 16,635,002
\$ (5,308,618)		

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) –DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

Debt Service Fund				
	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 300,000	\$ 210,951	\$ 210,951	\$ -
Total Revenues	300,000	210,951	210,951	-
EXPENDITURES				
Debt Service	21,375,560	21,375,560	21,375,560	-
Total Expenditures	21,375,560	21,375,560	21,375,560	-
Deficiency of Revenues Over Expenditures	(21,075,560)	(21,164,609)	(21,164,609)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	21,375,560	21,375,560	21,375,560	-
Transfers (Out)	(300,000)	(210,951)	(210,951)	-
Total Other Financing Sources (Uses)	21,075,560	21,164,609	21,164,609	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	-	\$ -
Fund Balance -- Beginning of Year			-	
Fund Balance -- End of Year			\$ -	

**ROCHESTER CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2011**

		Expenditures to Date			
<u>Ordinance Number</u>	<u>Project Title</u>	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance</u>
01-038	Facility Capital Improvements	25,000,500	25,000,500	-	-
02-023	Facility Capital Improvements	21,479,000	21,479,000	-	-
03-042	Facility Capital Improvements	17,534,642	17,534,642	-	-
04-040	Facility Capital Improvements	17,532,000	17,532,000	-	-
05-015	Facility Capital Improvements	17,296,000	17,296,000	-	-
06-014	Facility Capital Improvements	15,247,000	15,247,000	-	-
06-061	Ryan Center Capital Project	2,027,400	2,027,400	-	-
07-020	Facility Capital Improvements	16,351,225	16,294,909	(91,004)	147,320
07-172	Ryan Center Capital Project	22,972,600	21,371,992	571,951	1,028,657
07-323	Maple Street Capital Project	3,750,000	3,750,000	-	-
08-007	Facility Capital Improvements	12,155,500	10,761,882	514,762	878,856
08-404	Facility Capital Improvements	12,958,000	5,834,573	5,955,130	1,168,297
10-009	Facility Capital Improvements	13,110,000	146,744	3,120,691	9,842,565
97-059	Facility Capital Improvements	21,295,000	21,295,000	-	-
97-349	Facility Capital Improvements	12,200,000	12,200,000	-	-
98-027	Facility Capital Improvements	8,922,000	8,922,000	-	-
99-028	Facility Capital Improvements	18,863,000	18,863,000	-	-
99-534	Facility Capital Improvements	22,295,000	22,295,000	-	-
	Accrued Capital Improvements	-	1,540,379	(480,326)	(1,060,053)
	City Recreation Center/Other Projects	8,413,125	7,201,929	1,100,801	110,395
	Cash - Capital Improvements	209,078,286	186,828,782	9,304,405	12,945,099
	Totals	498,480,278	453,422,732	19,996,410	25,061,136

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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 82-88) - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- ◆ Revenue Capacity (Page 89-92) – These schedules contain information to help the reader assess the government's most significant local revenue sources.
- ◆ Debt Capacity (Page 93-96) – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- ◆ Demographic and Economic Information (Page 97-98) – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- ◆ Operating Information (Page 99-102) – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 188,474,420	\$ 204,853,752	\$ 210,731,097	\$ 225,824,893	\$ 235,983,192
Unrestricted	<u>(31,710,177)</u>	<u>(25,838,545)</u>	<u>(6,926,905)</u>	<u>(1,919,237)</u>	<u>(18,403,117)</u>
Total governmental activities net assets	<u>\$ 156,764,243</u>	<u>\$ 179,015,207</u>	<u>\$ 203,804,192</u>	<u>\$ 223,905,656</u>	<u>\$ 217,580,075</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 216,602,246	\$ 229,418,070	\$ 231,461,078	\$ 227,098,515	\$ 224,868,075
Unrestricted	<u>(10,146,254)</u>	<u>(54,652,221)</u>	<u>(70,682,248)</u>	<u>(78,288,628)</u>	<u>(133,132,558)</u>
Total governmental activities net assets	<u>\$ 206,455,992</u>	<u>\$ 174,765,849</u>	<u>\$ 160,778,830</u>	<u>\$ 148,809,887</u>	<u>\$ 91,735,517</u>

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

(continued next page)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
General Support:				
Board of Education	\$ 307,643	\$ 420,632	\$ 353,686	\$ 314,508
Chief School Administrator	1,157,853	1,392,919	1,399,391	1,412,019
Finance	2,596,854	3,439,167	4,487,893	4,043,141
Staff	4,763,101	5,956,596	6,314,915	5,818,293
Central Services	52,227,684	55,271,165	52,429,234	57,004,185
Other	27,325,676	16,896,660	7,117,052	5,041,851
Total General Support	<u>88,378,811</u>	<u>83,377,139</u>	<u>72,102,171</u>	<u>73,633,997</u>
Instruction:				
Administration and Improvement	41,354,592	40,909,685	48,765,261	47,502,458
Teaching	306,539,240	307,983,751	312,745,073	317,246,258
Instructional Media	5,972,425	6,344,735	7,290,599	9,195,842
Pupil Services	16,021,592	16,492,692	19,482,159	22,596,376
Other	148,897	114,644	147,151	132,667
Total Instruction	<u>370,036,746</u>	<u>371,845,507</u>	<u>388,430,243</u>	<u>396,673,601</u>
Pupil Transportation	39,230,343	42,304,862	40,141,286	43,025,106
Community Services	6,215,115	5,826,098	5,975,033	5,714,748
Interest on Long-Term Debt	7,339,050	5,685,796	6,863,535	516,667
Depreciation-Unallocated	6,851,233	7,417,397	6,468,318	6,954,610
Interest Short-Term	1,343,732	762,005	617,500	9,689,751
Total Expenditures	<u>519,395,030</u>	<u>517,218,804</u>	<u>520,598,086</u>	<u>536,208,480</u>
Program Revenues				
Charges for Services:				
Central Services	15,655,773	14,953,752	13,961,050	13,795,167
Teaching	1,158,185	936,957	846,679	2,086,176
Operating Grants and Contributions	103,520,801	104,417,854	121,460,205	117,350,776
Capital Grants and Contributions	-	1,537,870	-	-
Total Program Revenues	<u>120,334,759</u>	<u>121,846,433</u>	<u>136,267,934</u>	<u>133,232,119</u>
Net (Expense)/Revenue	<u>(399,060,271)</u>	<u>(395,372,371)</u>	<u>(384,330,152)</u>	<u>(402,976,361)</u>
General Revenues and Other Changes in Net Assets				
Intergovernmental - Unrestricted	127,300,000	126,100,000	126,100,000	119,100,000
Use of Money & Property	2,368,738	1,674,426	1,955,329	2,771,426
Interfund Reimbursements	1,588,008	1,838,858	2,118,112	2,050,308
State Basic Formula Aid	232,568,556	252,232,084	245,003,824	235,155,380
Lottery Aid	27,936,887	33,093,400	33,103,918	62,650,171
Miscellaneous	4,240,447	2,684,567	837,952	1,350,540
Total General Revenues and Other Changes in Net Assets	<u>396,002,636</u>	<u>417,623,335</u>	<u>409,119,135</u>	<u>423,077,825</u>
Change in Net Assets	<u>\$ (3,057,635)</u>	<u>\$ 22,250,964</u>	<u>\$ 24,788,983</u>	<u>\$ 20,101,464</u>

2006	2007	2008	2009	2010	2011
\$ 510,766	\$ 713,240	\$ 685,664	\$ 678,153	\$ 700,462	\$ 845,542
1,759,223	1,744,079	2,150,794	3,263,226	2,625,789	2,935,381
4,702,380	5,281,980	5,328,334	5,781,686	6,060,425	6,446,125
6,142,232	6,889,084	6,659,097	6,987,989	7,030,907	7,813,587
61,794,979	64,195,225	73,464,586	74,596,293	75,301,682	74,794,471
7,044,988	7,663,524	21,539,394	3,617,425	9,593,834	5,533,657
81,954,568	86,487,132	109,827,869	94,924,772	101,313,099	98,368,763
60,021,443	63,520,800	63,961,427	76,490,377	76,364,476	76,115,320
331,183,625	349,523,934	385,363,331	420,456,795	422,444,062	444,285,066
9,332,398	8,340,253	8,514,516	10,053,812	11,110,860	12,127,840
28,065,827	30,938,342	30,168,305	32,319,277	32,250,202	32,369,551
142,409	-	-	-	-	-
428,745,702	452,323,329	488,007,579	539,320,261	542,169,600	564,897,777
46,551,303	53,138,656	54,899,360	60,121,041	55,139,810	60,056,572
5,827,974	5,725,482	7,821,082	7,273,466	6,965,346	7,143,070
6,208,775	8,264,944	7,918,829	7,855,374	7,729,302	8,283,576
8,145,544	7,982,633	-	-	-	-
-	-	-	-	-	-
577,433,866	613,922,176	668,474,719	709,494,914	713,317,157	738,749,758
14,264,883	13,854,118	14,620,109	15,987,282	1,032,158	784,618
1,753,777	1,851,229	1,376,696	1,384,364	1,636,777	1,279,395
127,617,343	145,456,653	90,671,547	95,492,259	101,612,225	107,490,316
-	-	-	-	-	-
143,636,003	161,162,000	106,668,352	112,863,905	104,281,160	109,554,329
(433,797,863)	(452,760,176)	(561,806,367)	(596,631,009)	(609,035,997)	(629,195,429)
119,566,784	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
3,883,000	4,471,842	4,286,033	2,449,722	4,768,568	560,906
2,322,847	2,594,188	2,322,353	-	-	-
261,752,923	275,251,427	350,011,056	385,981,017	408,172,635	381,842,297
38,360,455	38,056,468	48,015,993	55,584,823	56,900,547	63,411,761
1,586,273	2,940,015	4,475,430	19,528,428	8,125,304	7,206,095
427,472,282	442,413,940	528,210,865	582,643,990	597,067,054	572,121,059
\$ (6,325,581)	\$ (10,346,236)	\$ (33,595,502)	\$ (13,987,019)	\$ (11,968,943)	\$ (57,074,370)

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

(continued next page)

	2002	2003	2004	2005
General Fund				
Nonspendable	\$ -	\$ -	\$ 2,476,254	\$ 827,760
Assigned	1,216,398	28,615,112	51,958,899	71,304,813
Unassigned	258,394	7,464,688	1,910,683	7,140,477
Total General Fund	<u>\$ 1,474,792</u>	<u>\$ 36,079,800</u>	<u>\$ 56,345,836</u>	<u>\$ 79,273,050</u>
 All Other Governmental Funds				
Nonspendable	\$ 181,016	\$ 179,909	\$ 190,063	\$ 495,948
Assigned	2,864,923	4,177,709	4,343,585	1,562,511
Unassigned, Reported In:				
Capital Projects Fund	(46,759,477)	(51,973,638)	(3,294,811)	(18,437,189)
Miscellaneous Special Revenue	-	-	-	-
Total All Other Governmental Funds	<u>\$ (43,713,538)</u>	<u>\$ (47,616,020)</u>	<u>\$ 1,238,837</u>	<u>\$ (16,378,730)</u>
 Total All Governmental Funds	<u>\$ (42,238,746)</u>	<u>\$ (11,536,220)</u>	<u>\$ 57,584,673</u>	<u>\$ 62,894,320</u>

2006	2007	2008	2009	2010	2011
\$ 1,212,305	\$ 5,642,167	\$ 1,814,956	\$ 2,293,454	\$ 39,546	\$ 4,405,058
67,472,133	75,261,382	41,096,379	42,234,704	58,297,595	40,728,264
8,468,136	1,889,359	4,932,662	15,694,610	19,064,883	26,557,687
<u>\$ 77,152,574</u>	<u>\$ 82,792,908</u>	<u>\$ 47,843,997</u>	<u>\$ 60,222,768</u>	<u>\$ 77,402,024</u>	<u>\$ 71,691,009</u>
\$ 437,812	\$ 635,325	\$ 573,374	\$ 448,225	\$ 458,729	\$ 99,138
1,957,864	1,825,301	1,140,361	1,559,873	1,436,907	871,767
8,062,212	(12,496,754)	(17,580,328)	(40,133,564)	9,502,422	(258,865)
-	-	-	-	-	(2,683,335)
<u>\$ 10,457,888</u>	<u>\$ (10,036,128)</u>	<u>\$ (15,866,593)</u>	<u>\$ (38,125,466)</u>	<u>\$ 11,398,058</u>	<u>\$ (1,971,295)</u>
<u>\$ 87,610,462</u>	<u>\$ 72,756,780</u>	<u>\$ 31,977,404</u>	<u>\$ 22,097,302</u>	<u>\$ 88,800,082</u>	<u>\$ 69,719,714</u>

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

(continued next page)

	2002	2003	2004	2005
Revenues				
Local Sources:				
Use of Money and Property (Interest and Rent)	\$ 2,369,012	\$ 1,674,595	\$ 2,006,029	\$ 2,854,808
Intergovernmental	127,300,000	126,100,000	126,100,000	119,100,000
Other	11,508,483	8,171,938	7,705,374	6,869,870
State Sources	310,328,786	359,112,543	328,737,856	370,755,400
Federal Sources	61,553,548	61,457,969	78,854,062	74,778,884
Surplus Food	1,362,618	1,227,994	401,709	497,586
Sales	1,914,948	1,724,729	1,582,039	1,453,397
Total Revenues	<u>516,337,395</u>	<u>559,469,768</u>	<u>545,387,069</u>	<u>576,309,945</u>
Expenditures				
General Support:				
Staff	4,763,101	5,956,596	6,120,408	5,944,450
Central Services	36,634,133	40,163,470	40,123,124	43,205,701
Other	25,639,011	25,335,966	20,225,514	21,043,155
Instructional:				
Teaching - Regular School	177,495,349	176,257,961	183,825,345	182,841,073
Special Apportionment Programs	110,765,625	113,049,853	121,017,656	118,661,828
Other	76,023,212	75,487,677	86,920,643	91,603,365
Pupil Transportation	39,110,972	42,191,228	38,817,359	43,281,664
Community Services	6,237,450	5,816,407	5,937,379	5,714,431
Cost of Sales	7,004,641	6,507,086	5,721,367	6,113,966
Debt Service:				
Principal	23,087,708	17,203,619	16,372,654	21,604,395
Interest	8,704,839	6,108,852	7,056,465	7,613,274
Capital Outlay	28,543,110	14,773,057	33,378,839	32,713,402
Total Expenditures	<u>544,009,151</u>	<u>528,851,772</u>	<u>565,516,753</u>	<u>580,340,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,671,756)	30,617,996	(20,129,684)	(4,030,759)
Other Financing Sources (Uses)				
Advance Refunding Bonds	-	30,295,000	-	-
Long-term Debt	389,092	85,543	84,429,211	9,030,854
Transfers In	33,714,749	31,765,799	33,815,039	32,774,723
Transfers Out	(33,714,749)	(31,765,799)	(33,815,039)	(32,774,724)
Payment to Escrow Agent	-	(30,295,000)	-	-
Total Other Financing Sources (Uses)	<u>389,092</u>	<u>85,543</u>	<u>84,429,211</u>	<u>9,030,853</u>
Net Change in Fund Balances	<u>\$(27,282,664)</u>	<u>\$ 30,703,539</u>	<u>\$ 64,299,527</u>	<u>\$ 5,000,094</u>
Debt Service as a Percentage of Noncapital Expenditures	6.14%	4.51%	4.40%	5.31%

2006	2007	2008	2009	2010	2011
\$ 3,940,018	\$ 4,498,603	\$ 4,380,909	\$ 2,449,722	\$ 4,768,568	\$ 560,907
119,100,000	119,100,000	119,100,000	119,100,000	119,100,000	119,100,000
10,505,226	11,185,487	10,797,977	16,191,725	15,986,384	10,777,116
359,753,979	395,842,611	430,359,330	485,631,182	455,650,093	445,210,158
75,785,223	71,062,237	68,476,550	72,673,518	107,728,741	104,692,597
590,293	883,363	791,243	925,780	929,925	932,137
1,433,546	1,003,639	973,208	911,798	576,984	402,473
<u>571,108,285</u>	<u>603,575,940</u>	<u>634,879,217</u>	<u>697,883,725</u>	<u>704,740,695</u>	<u>681,675,388</u>
5,869,560	6,520,235	6,456,990	6,672,969	6,762,646	7,179,406
44,112,304	45,109,819	47,704,150	47,594,354	49,382,721	47,243,300
21,502,409	22,901,927	37,345,461	21,578,298	27,687,396	24,116,618
178,786,025	190,111,522	203,630,068	222,394,714	225,292,202	236,502,568
119,075,942	124,579,887	133,894,191	137,509,226	142,065,048	136,643,687
106,223,360	112,126,140	118,085,930	133,518,980	134,904,890	131,741,908
44,963,493	50,376,123	52,612,309	56,587,073	52,287,872	54,614,418
5,738,203	5,628,977	6,042,832	7,124,911	6,773,889	6,844,001
6,064,727	6,050,396	6,321,146	6,960,822	7,211,720	7,454,503
16,288,306	19,739,667	18,156,921	14,779,453	13,578,018	18,385,022
7,463,175	8,264,944	7,898,563	8,009,606	6,790,890	8,984,972
38,368,247	27,662,076	26,182,381	49,163,770	26,791,121	22,679,746
<u>594,455,751</u>	<u>619,071,713</u>	<u>664,330,942</u>	<u>711,894,176</u>	<u>699,528,413</u>	<u>702,390,149</u>
(23,347,466)	(15,495,773)	(29,451,725)	(14,010,451)	5,212,282	(20,714,761)
-	-	-	-	-	-
48,128,460	469,183	11,384,878	2,043,200	61,490,498	1,634,393
35,788,860	27,695,699	28,798,062	30,711,359	58,286,742	33,153,924
(35,788,860)	(27,695,699)	(28,798,062)	(30,711,359)	(58,286,742)	(33,153,924)
-	-	-	-	-	-
<u>48,128,460</u>	<u>469,183</u>	<u>11,384,878</u>	<u>2,043,200</u>	<u>61,490,498</u>	<u>1,634,393</u>
<u>\$ 24,780,994</u>	<u>\$(15,026,590)</u>	<u>\$(18,066,847)</u>	<u>\$(11,967,251)</u>	<u>\$ 66,702,780</u>	<u>\$(19,080,368)</u>
4.26%	4.72%	4.04%	3.40%	3.00%	3.99%

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

Fiscal Year	Real Property - Total Direct Tax Rate per \$1,000(1)				Assessed Value as a Percentage of Actual Value (2)
	Assessed Value (3)	Homestead (3)	Non-Homestead (3)	Estimated Actual Value (3)	
2002	4,789,488	\$19.47	\$42.43	4,750,062	100.83
2003	4,779,188	\$20.52	\$44.04	4,738,368	100.86
2004	4,735,334	\$21.16	\$46.94	5,068,865	93.42
2005	5,105,807	\$20.12	\$44.32	5,204,696	98.10
2006	5,117,664	\$20.99	\$44.79	5,188,750	98.63
2007	5,151,480	\$21.20	\$45.19	5,673,436	90.80
2008	5,189,455	\$21.72	\$43.55	5,825,612	89.08
2009	5,747,600	\$20.57	\$40.67	6,056,480	94.90
2010	5,772,686	\$19.61	\$41.70	6,003,210	96.16
2011	5,777,374	\$19.50	\$42.23	5,969,595	96.78

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

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

(3) Source - City Assessor

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

Year Ended 06/30	Class (1)	City of Rochester		Overlapping		Total Direct & Overlapping Rate
		Rochester City School District	City of Rochester	Monroe County		
2002	Homestead	13.46	6.01	9.59		29.06
	Non-Homestead	29.54	12.89	9.59		52.02
2003	Homestead	14.19	6.33	8.12		28.64
	Non-Homestead	30.66	13.38	8.12		52.16
2004	Homestead	14.64	6.52	9.29		30.45
	Non-Homestead	32.68	14.26	9.29		56.23
2005	Homestead	13.78	6.34	9.27		29.39
	Non-Homestead	30.55	13.77	9.27		53.59
2006	Homestead	14.38	6.61	9.34		30.33
	Non-Homestead	30.87	13.92	9.34		54.13
2007	Homestead	14.53	6.67	9.40		30.60
	Non-Homestead	31.15	14.04	9.40		54.59
2008	Homestead	14.89	6.83	9.43		31.15
	Non-Homestead	30.02	13.53	9.43		52.98
2009	Homestead	14.98	5.59	10.26		30.83
	Non-Homestead	29.74	10.93	10.26		50.93
2010	Homestead	14.28	5.33	10.38		29.99
	Non-Homestead	30.49	11.21	10.38		52.08
2011	Homestead	14.11	5.39	10.44		29.94
	Non-Homestead	30.69	11.54	10.44		52.67

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

ROCHESTER CITY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR
JUNE 30, 2011
(in thousands of dollars)

	2011			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value (1)	Taxable Value	Rank	Percentage of Total Taxable Value (2)
Rochester Gas and Electric	\$ 658,093	1	11.39%	\$ 351,192	1	7.33%
Eastman Kodak Co.	73,873	2	1.28	140,827	2	2.94
Frontier Telephone Corp.	70,839	3	1.23	55,287	3	1.16
Buckingham Properties	33,651	4	0.58	21,972	6	0.46
CSX	20,897	5	0.36	-	-	-
Maguire Family Properties	19,484	6	0.34	-	-	-
EJD Company	18,599	7	0.32	-	-	-
NK - TCC Property, LLC	16,296	8	0.28	-	-	-
Max M. Farash	15,998	9	0.28	17,464	9	0.37
Landsman Development Corp.	15,146	10	0.26	-	-	-
Conrail	-	-	-	27,809	4	0.58
Pioneer/City Center	-	-	-	23,000	5	0.48
Chase Manhattan	-	-	-	21,729	7	0.45
Xerox Corp.	-	-	-	19,250	8	0.40
Midtown Rochester LLC	-	-	-	17,407	10	0.36

(1) The total taxable assessed value of \$5,777,374 was used for fiscal year 2010-11 taxes

(2) The total taxable assessed value of \$4,789,488 was used for fiscal year 2001-02 taxes

Source: City Assessor

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	160,732	146,155	90.93	9,684	155,839	96.96
2003	166,991	152,270	91.18	10,080	162,350	97.22
2004	173,145	158,479	91.53	10,579	169,058	97.64
2005	178,380	163,293	91.54	9,530	172,823	96.88
2006	184,086	168,297	91.42	10,391	178,688	97.07
2007	189,822	174,245	91.79	10,167	184,412	97.15
2008	190,298	174,902	91.91	8,648	183,550	96.45
2009	196,088	181,218	92.42	7,790	189,008	96.39
2010	197,219	182,281	92.43	8,794	191,075	96.89
2011	201,211	185,325	92.10	N/A	185,325	92.10

Notes: 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

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Special School Purpose Revenue Bond	Special Program Revenue Bond	Installment Purchase Contracts	Total	Percentage of Personal Income (1)	Per Capita (2)
2002	94,125,000	62,615,500	-	10,840,370	1,010,212	168,591,082	0.70	228
2003	77,759,109	79,804,500	12,209,962	9,683,522	771,147	180,228,240	0.74	244
2004	133,017,121	33,313,642	11,135,015	8,476,594	14,697,914	200,640,286	0.78	273
2005	114,227,235	48,541,642	10,607,454	7,219,586	22,279,869	202,875,786	0.77	277
2006	147,522,348	24,296,000	8,982,526	5,907,490	22,385,298	209,093,662	0.75	286
2007	131,171,122	42,743,000	7,845,356	4,512,762	20,764,007	207,036,247	0.71	283
2008	127,318,629	60,774,125	6,648,580	3,035,402	18,860,874	216,637,610	0.70	296
2009	116,050,555	83,014,725	5,423,477	1,485,426	18,154,697	224,128,880	0.75	305
2010	166,374,111	26,082,600	4,142,064	-	16,657,111	213,255,886	0.71	291
2011	152,489,769	25,320,000	2,821,052	-	15,035,509	195,666,330	0.65	267

(1) Per Capita Personal Income figures from US Dept of Commerce Bureau of Economic Analysis, www.bea.gov, current year and prior year data not available, 2009 data used for 2010 and 2011.

(2) Population figures from US Dept of Commerce Bureau of Economic Analysis, www.bea.gov, current year and prior year data not available, 2009 data used for 2010 and 2011.

**ROCHESTER CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011**

Jurisdiction	Debt Outstanding City (1)	Debt Outstanding School District (2)	Gross Debt Outstanding (1)	Percentage Applicable to City (1)	Amount Applicable to City (1)
City of Rochester	\$ 206,453,503	\$ 177,809,769	\$ 384,263,272	100.00%	\$ 384,263,272
County of Monroe			447,202,079	14.74%	65,917,586
			<u>\$ 831,465,351</u>		<u>\$ 450,180,858</u>

(1) Source of data is City of Rochester Finance Department.

(2) Excludes special school purpose bonds and installment purchase contracts outstanding at June 30, 2011.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

**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
2002	\$ 175,050,401	\$ 156,740,500	\$ 18,309,901	10.46%
2003	167,754,798	157,563,609	10,191,189	6.08
2004	167,620,958	166,330,763	1,290,195	0.77
2005	175,104,709	162,768,877	12,335,832	7.04
2006	179,532,550	171,818,348	7,714,202	4.30
2007	182,546,850	173,914,122	8,632,728	4.73
2008	200,645,932	188,092,754	12,553,178	6.26
2009	203,319,911	199,065,280	4,254,631	2.09
2010	205,972,509	192,456,711	13,515,798	6.56
2011	206,453,503	177,809,769	28,643,734	13.87

Legal Debt Margin Calculation for Fiscal Year 2011

Indebtedness	
Borrowings -- Bonds	\$ 152,489,769
Borrowings -- BANs	<u>25,320,000</u>
	\$ 177,809,769
Net Indebtedness	
Debt Limit (3.5%/9% of five-year average full valuation) (1)	<u>206,453,503</u>
Debt Contracting Margin	<u><u>\$ 28,643,734</u></u>

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

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

Fiscal Year	Special Program Revenue Bond (1)				Special School Purpose Revenue Bond (2)			
	Revenue	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2002	1,109,272	1,109,272	658,309	0.63	-	-	-	-
2003	1,156,848	1,156,848	611,165	0.65	-	-	-	-
2004	1,206,928	1,206,928	521,155	0.70	1,074,947	1,074,947	404,049	0.73
2005	1,257,008	1,257,008	470,015	0.73	1,063,246	1,063,246	413,344	0.72
2006	1,312,096	1,312,096	454,139	0.74	1,089,243	1,089,243	387,885	0.74
2007	1,394,728	1,394,728	345,972	0.80	1,137,170	1,137,170	316,812	0.78
2008	1,477,360	1,477,360	220,612	0.87	1,196,776	1,196,776	252,967	0.83
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	-	-	-	-	1,321,012	1,321,012	130,020	0.88

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

(2) 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 New York State Municipal Bond Bank Agency.

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

Fiscal Year	Population - Monroe County (1)	Personal Income - Monroe County (1) (in thousands)	Per Capita Personal Income - Monroe County (1)	Unemployment Rate - Monroe County (2)
2002	738,876	24,044,771	32,542	5.4
2003	737,420	24,318,524	32,978	5.5
2004	735,691	25,561,752	34,745	5.2
2005	731,773	26,432,592	36,121	4.6
2006	730,458	27,756,375	37,999	4.4
2007	730,629	29,338,061	40,155	4.5
2008	731,543	30,785,053	42,082	5.4
2009	733,703	30,077,573	40,994	8.0
2010	N/A	N/A	N/A	8.0
2011	N/A	N/A	N/A	7.3

(1) Source: US Dept of Commerce Bureau of Economic Analysis, www.bea.gov, current year and prior year data not available

(2) Source: NYS Dept of Labor, www.labor.state.ny.us (average rates computed through September 2011)

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

Employer	2011			2002		
	Employees ¹	Rank	Percentage of Total Employment ²	Employees ¹	Rank	Percentage of Total Employment ²
University of Rochester/Strong Health	19,987	1	4.12%	19,461	2	3.87%
Wegman's Food Markets Inc.	14,240	2	2.94%	5,438	5	1.08%
Rochester General Health System	7,514	3	1.55%	7,000	4	1.39%
Eastman Kodak Company	7,100	4	1.46%	24,640	1	4.90%
Xerox Corporation	6,672	5	1.38%	11,500	3	2.29%
Unity Health System	5,302	6	1.09%	2,809	7	0.56%
Lifetime Healthcare Cos. Inc./ Excellus Inc	3,646	7	0.75%	2,864	6	0.57%
Paychex Inc.	3,577	8	0.74%	-	-	-
Rochester Institute of Technology	3,268	9	0.67%	2,546	9	0.51%
Sutherland Global Services	2,694	10	0.56%	-	-	-
Frontier Corp.	-	-	-	2,400	10	0.48%
Delphi Energy and Engine Mgmt Sys	-	-	-	2,700	8	0.54%
	<u>74,000</u>		<u>15.26%</u>	<u>81,358</u>		<u>16.17%</u>

¹ Source Rochester Business Journal

² Employment source: www.labor.state.ny.us

Includes Monroe, Genesee, Livingston, Ontario, Orleans and Wayne counties.

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

	2002	2003	2004	2005	2006
General Support:					
Board of Education	8	8	8	8	10
Chief School Administrator	11	8	8	9	8
Finance	38	42	49	53	55
Staff	43	38	36	41	43
Central Services	569	611	616	611	616
Other	-	-	-	-	4
Total General Support	<u>669</u>	<u>707</u>	<u>716</u>	<u>722</u>	<u>736</u>
Instruction:					
Administration and Improvement	582	569	557	570	617
Teaching	4,209	4,097	3,949	3,835	3,894
Instructional Media	62	68	57	68	68
Pupil Services	236	232	221	229	249
Pupil Transportation	116	111	105	132	136
Community Services	122	117	115	101	107
Unclassified	66	21	15	17	18
Total Instruction	<u>5,392</u>	<u>5,214</u>	<u>5,019</u>	<u>4,952</u>	<u>5,089</u>
Total	<u>6,061</u>	<u>5,921</u>	<u>5,735</u>	<u>5,674</u>	<u>5,825</u>

	2007	2008	2009	2010	2011
General Support:					
Board of Education	10	11	11	11	11
Chief School Administrator	9	8	10	14	14
Finance	58	54	56	59	55
Staff	51	48	48	45	38
Central Services	624	607	647	636	569
Other	1	-	-	-	-
Total General Support	<u>753</u>	<u>728</u>	<u>772</u>	<u>765</u>	<u>687</u>
Instruction:					
Administration and Improvement	644	644	678	669	655
Teaching	4,113	4,170	4,235	4,033	3,755
Instructional Media	70	72	72	66	64
Pupil Services	269	259	277	271	237
Pupil Transportation	137	137	132	125	114
Community Services	98	48	116	109	114
Unclassified	15	15	15	15	14
Total Instruction	<u>5,346</u>	<u>5,345</u>	<u>5,524</u>	<u>5,288</u>	<u>4,953</u>
Total	<u>6,099</u>	<u>6,073</u>	<u>6,296</u>	<u>6,053</u>	<u>5,640</u>

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

Fiscal Year	Enrollment (1)	Expenses (2)	Cost Per Pupil	Percentage Change from Prior Year	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced- Priced Meals (1)
2002	35,095	519,395,030	14,800	-1.0%	4,209	8.3	81.4
2003	34,526	517,218,804	14,981	1.2	4,097	8.4	81.8
2004	33,832	520,598,086	15,388	2.7	3,949	8.6	80.1
2005	33,035	536,208,480	16,232	5.5	3,835	8.6	86.2
2006	33,380	577,433,866	17,299	6.6	3,894	8.6	88.4
2007	32,586	614,126,498	18,846	8.9	4,113	7.9	77.4
2008	32,717	668,838,299	20,443	8.5	4,170	7.8	79.3
2009	32,132	709,494,914	22,081	8.0	4,235	7.6	81.2
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	3,755	8.3	88.4

(1) Source: Rochester City School District Department of Research and Evaluation

(2) Expenses are presented on a Government-wide basis

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

(continued next page)

	2002	2003	2004	2005	2006
<u>Schools</u>					
Elementary					
Buildings	39	39	39	40	38
Square Feet (a)	2,756,816	2,811,965	3,053,443	2,965,521	2,978,216
Capacity	23,143	23,143	20,840	19,800	20,422
Enrollment	18,740	19,728	18,595	17,489	17,655
Secondary					
Buildings	15	16	15	15	16
Square Feet (a)	3,480,798	3,489,461	3,721,397	3,575,421	3,704,416
Capacity	18,252	18,252	17,408	15,727	16,345
Enrollment	16,355	14,822	15,237	15,566	15,387
Other					
Buildings	7	1	1	1	1
Square Feet (a)	312,581	170,697	167,722	141,969	141,969
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
<u>Administrative</u>					
Buildings	2	1	4	4	4
Square Feet (a)	120,630	116,755	229,273	229,273	229,273
<u>Transportation</u>					
Garages/Maintenance (sq. ft.)	256,077	256,077	256,077	256,077	256,077
Buses	93	93	93	93	93
<u>Athletics</u>					
Football Fields	7	7	7	7	7
Soccer Fields	5	5	5	5	5
Running Tracks	6	6	6	6	6
Baseball/Softball	10	10	10	10	10
Swimming Pools	11	11	11	11	11
Playgrounds	38	39	39	39	39

Source: Facilities Department District records

(a) Total Managed Square Footage includes building, transportables and any additional community use space.

2007	2008	2009	2010	2011
38	38	38	38	38
2,978,216	2,977,479	2,977,479	3,068,471	2,953,692
20,422	20,422	20,922	21,324	21,324
16,970	17,093	17,271	17,228	17,152
16	16	16	16	14
3,704,416	3,704,416	3,704,416	3,704,416	2,475,222
16,345	16,345	15,775	15,775	15,775
15,616	15,675	14,861	14,426	14,104
1	1	3	3	2
141,969	141,969	296,969	176,319	204,232
-	-	-	-	-
-	-	-	-	-
4	4	3	2	4
229,273	256,781	170,354	241,755	401,750
256,077	256,077	256,077	256,077	256,077
90	90	88	88	88
7	7	7	7	7
5	5	9	9	9
6	6	8	8	8
10	10	22	22	22
11	11	13	13	13
39	39	35	36	36

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2011

GAFF



Single Audit Report



Freed Maxick & Battaglia, CPAs, PC

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, the blended component unit, each major fund and the aggregate, remaining fund information of 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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2011. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Rochester City School District in a separate letter dated November 21, 2011.

This report is intended solely for the information and use of the Board of Education, the Audit Committee, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
November 21, 2011



Freed Maxick & Battaglia, CPAs, PC



Freed Maxick & Battaglia, CPAs, PC

**Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in
Accordance with OMB Circular A-133**

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

Compliance

We have audited Rochester City School District's (the District), a component unit of the City of Rochester, New York, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *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, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, the Audit Committee, management and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
November 21, 2011



Freed Maxick & Battaglia, CPAs, PC

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROJECTS CLOSED AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	DOMESTIC ASSISTANCE CATALOG NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue		
					CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011			
DIRECT FEDERAL PROJECTS													
IMPACT AID													
G 0820	Impact Aid	S041B20093427	84.040	\$ 28,348	\$ 41,931	\$ (13,583)	\$ 28,348	20,006	\$ 8,342	\$ 28,348	\$ -		
OTHER DIRECT FEDERAL													
G 0089	Readiness & Emerg Mg for Schoo	184E090093	84.148E	100,964	3,337	97,627	100,964	3,670	97,294	100,964	-		
G 0194	STARTALK US Def 2010	H982301011	12.901	65,631	-	48,368	48,368	8,318	40,050	48,368	-		
G 0197	Foreign Language Assistance Prog	293B060047	84.293B	148,480	-	105,939	105,939	90,328	15,611	105,939	-		
G 0335	Title VII - Native American Re	060A092183	84.060A	59,798	52,014	5,978	57,992	58,247	(255)	57,992	-		
G 0363	Improv Literacy thru Libraries	364A090431	84.364	300,000	272,634	13,212	285,846	285,628	218	285,846	-		
G 0448	Carol White Physical Education	215F070018	84.215F	165,409	120,621	9,924	130,545	130,545	-	130,545	-		
G 0453-0454	Safe Schools/Healthy Students	184L080045	84.184L	1,520,957	1,381,788	139,131	1,520,919	1,517,739	3,180	1,520,919	-		
G 0470	Advanced Placement Incentive	330C080045	84.330C	1,008,189	227,880	513,470	741,350	255,814	485,536	741,350	-		
G 0475	Elementary Historians - TAH US	215X090434	84.215X	230,725	214,395	16,326	230,721	225,575	5,146	230,721	-		
G 0476	Teaching As Historians	215X080325	84.215X	341,991	306,739	35,222	341,961	341,011	950	341,961	-		
ESEA TITLE I													
G 0202-0298	Title I	0021101395	84.010A	*	27,920,752	23,184,897	4,903,530	28,088,427	27,264,480	823,947	28,088,427	-	
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS													
G 0450	Title IV Safe & Drug Free Scho	0180101395	84.186A		387,107	167,055	151,902	318,957	290,859	28,098	318,957	-	
INDIVIDUALS WITH DISABILITIES EDUCATION ACT													
G 0305-0307	IDEA Support Services & Section	0032100370	84.027A	*	11,453,393	6,596,808	3,076,465	9,673,273	9,639,294	33,979	9,673,273	-	
G 0340	IDEA Pre-School Services	0033100370	84.173A	*	557,903	448,111	92,273	540,384	538,759	1,625	540,384	-	
VOCATIONAL EDUCATION													
G 0043	Perkins Program in Incarcerati	8030100001	84.048A		40,000	23,129	11,202	34,331	34,331	-	34,331	-	
G 0707	Perkins Secondary	8000100024	84.048A		603,656	375,887	143,797	519,684	516,653	3,031	519,684	-	
G 0754	Perkins Adult Basic	8000109020	84.048A		220,815	161,324	55,506	216,830	215,719	1,111	216,830	-	
WORKFORCE INVESTMENT ACT													
G 0701	Workforce Investment Act	0138100015	84.002A		250,000	141,768	101,978	243,746	243,459	287	243,746	-	
G 0706	WIA ELL Post Secondary	2338108006	84.002		100,000	87,707	11,913	99,620	99,662	(42)	99,620	-	
G 0722	WIA Adult Literacy Education	2338101074	84.002A		125,072	100,027	24,548	124,575	124,575	-	124,575	-	
G 0724	WIA Literacy Zone Workforce De	2338109013	84.002A		325,000	220,466	83,165	303,631	303,636	(5)	303,631	-	
FEDERAL - ARRA													
G 0093	ARRA Child Nutrition	5004100111	10.579		307,612	307,612	-	307,612	307,612	-	307,612	-	
G 0600-0616	ARRA Title I	5021101395	84.389A	*	9,701,328	5,954,562	2,619,524	8,574,086	7,503,568	1,070,518	8,574,086	-	
G 0620	ARRA IDEA 611	5032100370	84.391A	*	5,111,102	3,445,623	1,258,100	4,703,723	4,695,553	8,170	4,703,723	-	
G 0640	ARRA IDEA 619 2009 VESID Part	5033100370	84.392A	*	233,657	58,624	101,309	159,933	159,611	322	159,933	-	
G 0660	McKinney-V. ARRA '09 Funds	5212103919	84.387		64,972	12,994	(503)	12,491	4,076	8,415	12,491	-	
FEDERAL FISCAL STABILIZATION													
G 0345	Rochester Teacher Center	5425100089	84.397	*	507,080	311,676	161,775	473,451	473,023	428	473,451	-	
G 0347	ARRA Mentor Teacher Internship	5663100006	84.397	*	65,000	13,844	33,202	47,046	47,046	-	47,046	-	
A 1200/1	NYS Fiscal Stabilization	5000111395	84.394	*	20,343,733	12,267,122	8,076,611	20,343,733	20,343,733	-	20,343,733	-	
OTHER FEDERAL FLOW THROUGH STATE													
G 0119	Title II-B Math/Science Partne	0294100107	84.366B		799,999	261,288	515,771	777,059	771,043	6,016	777,059	-	
G 0120	Title II-D Technology Grant	0292101395	84.318X	*	264,807	204,169	27,543	231,712	231,251	461	231,712	-	
G 0121	Title IID Comp. EETT / NYS Off	0291101034	84.318X	*	700,000	341,144	261,946	603,090	418,983	184,107	603,090	-	
G 0193	Title I LEP/ELL Sch Imp 1003(a	0011103054	84.010	*	100,000	20,000	4,087	24,087	2,357	21,730	24,087	-	
G 0196	Title IIIA 2009-2009 Immigrant	0149091395	84.365		71,303	65,583	-	65,583	65,343	240	65,583	-	
G 0199	Title IIIA LEP (Bilingual)	0293101395	84.365A		812,605	134,998	478,981	613,979	239,995	373,984	613,979	-	
G 0200	Title II-A Recruitment	0147101395	84.367A		4,803,128	2,764,715	2,157,095	4,921,810	4,517,429	404,381	4,921,810	-	
G 0300	Title I - School Improvement	0011102004	84.010A	*	1,810,000	492,298	751,014	1,243,312	969,293	274,019	1,243,312	-	
G 0301	SQR Title I SWW, NECP, FTLC	0123100109	84.377A	*	210,000	42,000	130,975	172,975	60,517	112,458	172,975	-	
G 0303	DICA Audit	0011100004	84.010A	*	4,613,000	953,511	2,966,760	3,920,271	2,252,012	1,668,259	3,920,271	-	

* Tested as a major program

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROJECTS CLOSED AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	DOMESTIC ASSISTANCE CATALOG NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued)									
					CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	Deferred Revenue									
DIRECT FEDERAL PROJECTS																				
G 0306	SQR Title I 2009-10 School Qua	0123100019	84.377A	* \$	179,997	\$	58,844	\$	24,817	\$	83,661	\$	83,604	\$	57	\$	83,661	-		
G 0310	SETRC	C010298	84.027A	*	456,103		143,838		233,459		377,297		374,765		2,532		377,297	-		
G 0312	Joint Intervention Tea	0123103107	84.377A	*	1,000,000		200,000		667,393		867,393		303,473		563,920		867,393	-		
G 0330	External Sch Curriculum Audit	0123102108	84.377A	*	85,000		17,000		36,081		53,081		47,144		5,937		53,081	-		
G 0360	Homeless Children and Youth	0212103919	84.196A		125,000		57,808		12,771		70,579		69,903		676		70,579	-		
G 0364	Reading First	0243100215	84.357A		341,313		251,740		42,464		294,204		294,205		(1)		294,204	-		
G 0400	2009-2010 Title I Sch Imp Sect	0123104054	84.377A	*	2,438,553		487,710		1,866,972		2,354,682		217,803		2,136,879		2,354,682	-		
G 0404	Response to Intervention #4	0031105502	84.027A	*	100,000		20,000		27,089		47,089		0		47,089		47,089	-		
G 0421	NYSED Coordinated School Healt	0125100003	93.938		2,862		2,862		-		2,862		2,862		-		2,862	-		
G 0507	GCC Perkins Funding	8080100010	84.243		96,328		-		88,949		88,949		87,325		1,624		88,949	-		
G 0717	FSET Food Stamp Emplmt Trng Ve	C020854010	10.561		300,000		20,250		43,713		63,963		4,048		59,915		63,963	-		
G 0718	Educational Resources - TANF P	C020720910	93.558		281,000		169,500		110,500		280,000		104,389		175,611		280,000	-		
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION																				
G 0147	Smaller Learning Communities	V215L050016	84.215L		237,329		249,355		(99,085)		150,270		150,270		-		150,270	-		
G 0321	U of R National Institute of M	URNIMH0901	93.242B		133,580		102,281		31,290		133,571		133,571		-		133,571	-		
G 0359	IMLS Laura Bush 21st Cen Libra	0106007606	45.313B		100,980		-		31,065		31,065		29,213		1,852		31,065	-		
G 0783	Urban League Youth Build	URBANL1001	17.274		141,769		70,884		70,885		141,769		40,106		101,663		141,769	-		
TOTAL FEDERAL AWARDS - CLOSED PROJECTS					\$	102,493,330	\$	63,632,353	\$	32,360,446	\$	95,992,799	\$	87,213,434	\$	8,779,365	\$	95,992,799	\$	-

* Tested as a major program

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROJECTS OPEN AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	DOMESTIC ASSISTANCE CATALOG NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
					CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011		
DIRECT FEDERAL PROJECTS												
IMPACT AID												
E 0820	Impact Aid	S041B20113427	84.040	\$ 56,070	\$ -	\$ 56,070	\$ 56,070	\$ -	\$ 11,900	\$ 11,900	\$ 44,170	
OTHER DIRECT FEDERAL												
E 0089	Readiness & Emergency Mgmt	184E090093	84.148E	221,364	-	-	-	-	30	30	(30)	
E 0095	Early Retiree Reinsurance Prog	1018700411	93.525	1,415,033	-	1,415,033	1,415,033	-	1,414,976	1,414,976	57	
E 0180	FLAP Grant #2	B100171BP1	84.293B	279,653	-	159,009	159,009	-	172,452	172,452	(13,443)	
E 0194	Startalk	H982301110	12.900	98,160	-	-	-	-	8,631	8,631	(8,631)	
E 0335	Title VII-Native American Resource	060A112183	84.060A	61,666	-	44,637	44,637	-	53,524	53,524	(8,887)	
E 0369	RAISE	D100170BP1	84.351D	267,025	-	104,178	104,178	-	151,414	151,414	(47,236)	
E 0453-0454	Safe Schools/Healthy Students	184L080045	84.184L	2,235,156	-	1,230,113	1,230,113	-	1,414,758	1,414,758	(184,645)	
E 0456	ESSC Elementary	E100131BP1	84.215E	350,458	-	173,474	173,474	-	218,287	218,287	(44,813)	
E 0470	Advanced Placement Incentive	S330C080224	84.330C	977,180	-	285,340	285,340	-	360,253	360,253	(74,913)	
E 0475	Elementary Historians - TAH US	U215X090434	84.215X	435,614	-	239,915	239,915	-	309,844	309,844	(69,929)	
E 0476	Teaching As Historians	U215X080325	84.215X	417,442	-	280,167	280,167	-	339,450	339,450	(59,283)	
E 0479	TAH A Historical Journey	X100462BP1	84.215X	332,329	-	154,593	154,593	-	250,040	250,040	(95,447)	
ESEA TITLE I												
E 0202-0298	Title I	0021111395	84.010A	*	27,617,199	-	20,432,305	20,432,305	-	24,183,968	24,183,968	(3,751,663)
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS												
E 0450	Title IV Safe & Drug Free Schools	0180111395	84.186A		66,748	-	35,083	35,083	-	63,847	63,847	(28,764)
INDIVIDUALS WITH DISABILITIES EDUCATION ACT												
E 0305-0307	IDEA Support Services & Section	0032110370	84.027A	*	11,577,262	-	7,361,892	7,361,892	-	10,332,965	10,332,965	(2,971,073)
E 0340	IDEA Preschool Serv & Sec 619	0033110370	84.173A	*	511,712	-	344,115	344,115	-	423,440	423,440	(79,325)
VOCATIONAL EDUCATION												
E 0043	Perkins Correctional	8030110001	84.048A		40,000	-	23,764	23,764	-	36,702	36,702	(12,938)
E 0706	WIA ELL Post Secondary	2338118006	84.002A		100,000	-	82,286	82,286	-	99,514	99,514	(17,228)
E 0707	Perkins Secondary	8000110024	84.048A		563,647	-	311,871	311,871	-	412,330	412,330	(100,459)
E 0754	Perkins Adult Basic	8000119020	84.048A		196,909	-	175,140	175,140	-	196,478	196,478	(21,338)
WORKFORCE INVESTMENT ACT												
E 0701	Workforce Investment Act	0138110015	84.002A		250,000	-	193,247	193,247	-	217,355	217,355	(24,108)
E 0722	WIA Adult Literacy Education	2338111074	84.002A		125,072	-	107,660	107,660	-	118,743	118,743	(11,083)
E 0724	WIA Literacy Zone	2338119013	84.002A		325,000	-	215,645	215,645	-	259,924	259,924	(44,279)
FEDERAL - ARRA												
E 0600-0616	ARRA Title I	5021111395	84.389A	*	11,947,281	-	7,222,555	7,222,555	-	9,640,760	9,640,760	(2,418,205)
E 0618	ARRA Math and Science HS	5413110003	84.397	*	921,333	-	-	-	-	19,520	19,520	(19,520)
E 0620	ARRA IDEA 611 Federal Stimulus	5032110370	84.391A	*	5,549,552	-	4,229,190	4,229,190	-	5,243,058	5,243,058	(1,013,868)
E 0628	ARRA Title II EETT	5291110035	84.386A	*	1,845,802	-	1,630,276	1,630,276	-	1,669,602	1,669,602	(39,326)
E 0640	ARRA IDEA 619 Federal Stimuls	5033110370	84.392A	*	309,645	-	120,174	120,174	-	260,562	260,562	(140,388)
E 0660	ARRA Homeless	5212113919	84.387		129,004	-	26,835	26,835	-	70,395	70,395	(43,560)
E 0830	SIG District	5123110008	84.388	*	9,937,859	-	3,163,137	3,163,137	-	5,777,578	5,777,578	(2,614,441)
FEDERAL FISCAL STABILIZATION												
E 0347	ARRA Mentor Intern Program	5663110006	84.397	*	65,000	-	46,440	46,440	-	64,992	64,992	(18,552)
A 1200/1	NYS Fiscal Stabilization	5000111395	84.394	*	9,821,791	-	6,535,305	6,535,305	-	9,821,791	9,821,791	(3,286,486)
OTHER FEDERAL FLOW THROUGH STATE												
E 0118	Title II MSP Science	0294110211	84.366		464,839	-	116,142	116,142	-	237,097	237,097	(120,955)
E 0119	Title II-B Math/Science Partner	0294110203	84.366B		689,878	-	208,121	208,121	-	660,707	660,707	(452,586)
E 0120	Title II-D Technology Grant	0292111395	84.318X	*	73,743	-	14,922	14,922	-	70,074	70,074	(55,152)
E 0121	Title II-D Enhancing Education thru Tech	0291111034	84.318X	*	734,999	-	629,999	629,999	-	636,866	636,866	(6,867)
E 0199	Title III - Bilingual	0293111395	84.365A		778,768	-	365,319	365,319	-	412,976	412,976	(47,657)
E 0200	Title II-A Teacher/Principal	0147111395	84.367A		5,482,355	-	2,508,905	2,508,905	-	3,887,475	3,887,475	(1,378,570)
E 0300	Title I - School Improvement	0011112004	84.010A	*	1,485,000	-	366,865	366,865	-	873,011	873,011	(506,146)

* Tested as a major program

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROJECTS OPEN AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCS D NO.	ACCOUNT TITLE	GRANT NUMBER	DOMESTIC ASSISTANCE CATALOG NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue								
					CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011									
DIRECT FEDERAL PROJECTS																			
E 0310	SETRC	C010298	84.027A	* \$	470,207	-	\$	161,430	\$	161,430	-	\$	382,940	\$	382,940	\$	(221,510)		
E 0360	Homeless Children and Youth	0212113919	84.196A		27,862	-		27,862		27,862	-		27,862		27,862		-		
E 0366	Homeless 2nd Semester	0212114007	84.196A		75,000	-		15,000		15,000	-		66,592		66,592		(51,592)		
E 0399	School Improvement LEP/ELL	0011113044	84.010	*	100,000	-		19,573		19,573	-		6,665		6,665		12,908		
E 0400	School Imp. STEM, ELA and PD	0011124054	84.010	*	1,431,760	-		286,352		286,352	-		42,841		42,841		243,511		
E 0404	Response to Intervention #4	0031115502	84.027A	*	100,000	-		20,000		20,000	-		33,116		33,116		(13,116)		
E 0459	Safe and Drug Free at East	0189111005	84.186A		99,893	-		28,336		28,336	-		42,675		42,675		(14,339)		
E 0507	GCC Perkins Funding	GCCPER1101	84.243		101,263	-		61,966		61,966	-		87,558		87,558		(25,592)		
E 0551	Title I, School Improvement	0011115004	84.010	*	234,440	-		46,888		46,888	-		28,780		28,780		18,108		
E 0717	NYSOTDA Food Stamp Employment	C020854011	10.561		275,000	-		162,412		162,412	-		108,639		108,639		53,773		
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION																			
E 0478	Student Violence Prevention Center	SVPDPEN11	84.304D		44,000	-		44,000		44,000	-		32,146		32,146		11,854		
E 0783	Urban League Youth Build	URBANL1101	17.274		12,895	-		-		0	-		12,536		12,536		(12,536)		
TOTAL FEDERAL AWARDS - OPEN PROJECTS					\$ 101,729,868	\$ -	\$ 61,483,541	\$ 61,483,541	\$ -	\$ 81,269,639	\$ 81,269,639	\$ -	\$ 81,269,639	\$ 81,269,639	\$ -	\$ (19,786,098)			
SCHOOL FOOD SERVICE FUND:																			
	U.S. Department of Agriculture	---	10.555	\$	14,636,953		\$	14,636,953	\$	14,636,953	-	\$	14,636,953	\$	14,636,953	\$	-		
	City of Rochester				458,135			458,135		458,135	-		458,135		458,135		-		
TOTAL SCHOOL FOOD SERVICE FUND					\$ 15,095,088	\$ -	\$ 15,095,088	\$ 15,095,088	\$ -	\$ 15,095,088	\$ 15,095,088	\$ -	\$ 15,095,088	\$ 15,095,088	\$ -	\$ -			
TOTAL FEDERAL AWARDS - CLOSED AND OPEN PROJECTS AND SCHOOL FOOD SERVICE FUND					\$ 219,318,286	\$ 63,632,353	\$ 108,939,075	\$ 172,571,428	\$ 87,213,434	\$ 105,144,092	\$ 192,357,526	\$ -	\$ 192,357,526	\$ 192,357,526	\$ -	\$ (19,786,098)			

* Tested as a major program

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The District's reporting entity is defined in Note I.A. to the District's Financial Statements. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule. Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets or cash flows of the District.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note I.C. to the District's Financial Statements.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

3. Relationship to Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Major program determination is a risk based assessment which classifies programs as either a Type A program or a Type B program. All federal programs with expenditures exceeding \$3,154,323 are considered Type A programs and all other programs are considered Type B programs. The Type B federal programs with expenditures which do not exceed \$315,432 are considered insignificant and were not further evaluated. All other programs were then further assessed based on risk and major programs were selected.

4. Other

In the Schedule of Expenditures of Federal Awards for the School Food Service Fund, \$932,137 for commodities has been received from the U.S. Department of Agriculture and is included in the current year revenues and expenditures.

Negative revenues are the result of program closeouts.

ROCHESTER CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>Name of Federal Programs or Clusters</u>	<u>CFDA Number(s)</u>
Special Education Cluster	84.027/84.173/84.391/84.392
Title I Cluster	84.010/84.389
State Fiscal Stabilization Cluster	84.394/84.397
School Improvement Grants	84.377/84.388
Title II D	84.318/84.386

Dollar threshold used to distinguish between type A and type B programs \$ 3,154,323

Auditee qualified as low-risk auditee? Yes X No

ROCHESTER CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011 (Continued)

II. FINANCIAL STATEMENT FINDINGS

There was no findings material to the financial statements noted in the current year.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted in the current year.

ROCHESTER CITY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011 (Continued)

I. FINANCIAL STATEMENT FINDINGS

10-1 Federal Receivable

Condition: During our audit we noted that a receivable had not been established for the State Fiscal Stabilization ARRA (American Recovery and Reinvestment Act) funds that had been expended but not received as of June 30, 2010. By not recording this receivable, the state/federal aid receivable and federal revenue would have been understated by just over eight million dollars.

Criteria: A receivable should be established for state/federal funds that have been expended but not received as of June 30, 2010.

Effect: The omission of the receivable would have resulted in a material misstatement of the financial statements.

Status: There was no reoccurrence of this finding in the current year.

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted in the prior year.

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NEW YORK STATE AND OTHER AWARDS

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
PROJECTS CLOSED AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	
<u>NEW YORK STATE PROJECTS</u>										
G 0023	Universal Pre-K	0409107506	\$ 10,733,866	\$ 5,413,347	\$ 5,316,573	\$ 10,729,920	\$ 10,688,553	\$ 41,367	\$ 10,729,920	\$ -
G 0031-0032	Empl Preparation Ed	00SA432010	3,085,034	422,077	2,662,950	3,085,027	3,073,279	11,748	3,085,027	-
G 0041	Incarcerated Youth	0000SA8110	2,277,514	834,000	1,416,622	2,250,622	2,244,797	5,825	2,250,622	-
G 0050-0080	Summer Program - Instruction	0000900010	5,393,926	870,312	4,249,399	5,119,711	5,118,078	1,633	5,119,711	-
G 0100	School Health Services	0432100002	6,292,705	3,146,352	2,936,667	6,083,019	6,107,007	(23,988)	6,083,019	-
G 0124	Learn Tech Monroe	0647100041	50,000	-	49,196	49,196	49,176	20	49,196	-
G 0195	ELL Bilingual Supplementary	0635108011	25,000	12,500	(2,253)	10,247	10,190	57	10,247	-
G 0346	Cohesive Leadership Grant	1000007709	120,000	120,000	-	120,000	120,000	-	120,000	-
G 0350	Roch School Library Systems	0365100046	89,375	89,375	(89)	89,286	88,758	528	89,286	-
G 0351	Extend Day/Violence Prevention	0640101395	605,494	492,681	99,935	592,616	595,371	(2,755)	592,616	-
G 0352	Sch Lib Sys Aid 4 Automation	0364100046	8,938	8,938	(553)	8,385	8,385	-	8,385	-
G 0353	Library Automation Rollover	LIBROL1001	822	822	-	822	689	133	822	-
G 0354	Library Systems Rollover	LIBROL1002	21,848	21,848	-	21,848	21,229	619	21,848	-
G 0356	School Library Suppl Aid	0365101046	38,426	38,426	(1,140)	37,286	37,286	-	37,286	-
G 0498	Refugee School Impact Grant	C020183	205,174	-	332,440	332,440	11,124	321,316	332,440	-
G 0584	ECHS Smart Scholars	USNYSMARTS	21,857	55,938	(34,081)	21,857	-	21,857	21,857	-
G 0716	Roch Rehab Career Pathways	RRCCAR1001	314,665	-	38,388	38,388	-	38,388	38,388	-
G 0755	SURR Grant	0436100005	318,160	94,576	97,485	192,061	189,676	2,385	192,061	-
G 0825	Teachers of Tomorrow	0644100012	977,800	-	771,600	771,600	771,600	-	771,600	-
Subtotal New York State Projects			\$ 30,580,604	\$ 11,621,192	\$ 17,933,139	\$ 29,554,331	\$ 29,135,198	\$ 419,133	\$ 29,554,331	\$ -
<u>MONROE COUNTY PROJECTS</u>										
G 0317	Pre-Sch Intgrtd/Hndcpdd	0000916510	\$ 902,268	\$ 366,844	\$ 276,920	\$ 643,764	\$ 877,704	\$ (233,940)	\$ 643,764	\$ -
G 0370	Pre-School Related Services	0000920010	448,088	87,118	113,762	200,880	318,083	(117,203)	200,880	-
G 0375	Preschool S.E.I.T.	0000913510	152,611	29,172	46,696	75,868	150,060	(74,192)	75,868	-
G 0391	Pre-Sch Admin/County	COUNTY1001	369,055	-	-	-	366,034	(366,034)	-	-
G 0772	MCDSS CAREERS	MCDSS47410	466,000	233,000	233,000	466,000	452,226	13,774	466,000	-
Subtotal Monroe County Projects			\$ 2,338,022	\$ 716,134	\$ 670,378	\$ 1,386,512	\$ 2,164,107	\$ (777,595)	\$ 1,386,512	\$ -

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
PROJECTS CLOSED AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	
<u>PRIVATE PROJECTS</u>										
G 0088	COPS Secure our Schools Grant	CITYROCOPS	\$ 70,500	\$ 49,725	\$ 20,775	\$ 70,500	\$ 49,725	\$ 20,775	\$ 70,500	-
G 0131	GRHF School #34 Grant 2	GRHF341001	25,866	18,078	7,788	25,866	1,405	24,461	25,866	-
G 0132	GRHF School #12	GRHF121001	173,797	154,250	19,547	173,797	18,549	155,248	173,797	-
G 0133	GRHF School #34	GRH2863009	6,660	6,660	(265)	6,395	6,395	-	6,395	-
G 0134	Quad A Schools 4 and 34	QUADA43410	142,378	-	133,923	133,923	133,924	(1)	133,923	-
G 0135	GRHF Fitness Fun #52	GRH2856109	7,460	7,460	(1,472)	5,988	5,988	-	5,988	-
G 0136	GRHF WOW Jefferson	GRH2855709	7,500	7,500	(318)	7,182	7,181	1	7,182	-
G 0409	RAC Center for Math & Science	RACCEN0901	48,000	48,000	-	48,000	45,568	2,432	48,000	-
G 0427	NEA Foundation School #54	NEAFL2506	5,000	5,000	(755)	4,245	4,242	3	4,245	-
G 0474	Dollar General Literacy NARC	DOLGENNARC	3,000	3,000	(310)	2,690	389	2,301	2,690	-
G 0513	The Primary Project	CHILDR1002	133,697	42,093	83,634	125,727	125,454	273	125,727	-
G 0560	UNICON Construction @ Edison	UNICON1001	18,450	17,700	135	17,835	17,676	159	17,835	-
G 0581	Exped Learning #58 Grant 1	ELSWO11001	27,000	27,000	-	27,000	13,047	13,953	27,000	-
G 0582	Exped Learning SWW Travel	ELSSWW1001	6,000	6,000	-	6,000	5,998	2	6,000	-
G 0583	IAT Exped Learning	ELSIAT1001	48,000	48,000	-	48,000	40,851	7,149	48,000	-
G 0700	Virtual Enterprise Membership	VIRTUA1001	27,000	20,600	-	20,600	23,254	(2,654)	20,600	-
G 0725	NCFL Toyota Family Literacy	TOYOTA1001	42,520	118,200	(75,680)	42,520	43,572	(1,052)	42,520	-
G 0742	Cuban/Haitian Entrants	CFCCHESS10	34,015	8,568	25,437	34,005	33,092	913	34,005	-
G 0749	Citizenship Initiative Program	OSWEGO1001	14,333	-	14,333	14,333	1,986	12,347	14,333	-
G 0773	Monroe County Transition Servi	MCDHS62090	92,400	92,400	-	92,400	84,600	7,800	92,400	-
G 0795	City of Roch. Jr. Rec. Leader	CITYRO1001	17,239	16,835	-	16,835	16,835	-	16,835	-
G 0796	City of Roch. Teens on Patrol	CITYRO1002	36,129	35,089	-	35,089	35,089	-	35,089	-
G 0797	City of Roch Summer of Opportu	CITYRO1003	36,244	32,268	-	32,268	32,268	-	32,268	-
G 0798	City of Roch Comm Conserv Corp	CITYRO1004	60,338	54,300	-	54,300	54,300	-	54,300	-
Subtotal Private Projects			\$ 1,083,526	\$ 818,726	\$ 226,772	\$ 1,045,498	\$ 801,388	\$ 244,110	\$ 1,045,498	\$ -
TOTAL NEW YORK STATE AND OTHER AWARDS - CLOSED PROJECTS			\$ 34,002,152	\$ 13,156,052	\$ 18,830,289	\$ 31,986,341	\$ 32,100,693	\$ (114,352)	\$ 31,986,341	\$ -

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
PROJECTS OPEN AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			(Accrued) Deferred Revenue
				CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	
<u>NEW YORK STATE PROJECTS</u>										
E 0023	Universal Pre-K	0409117506	\$ 10,826,694	\$ -	\$ 8,033,106	\$ 8,033,106	\$ -	\$ 10,810,891	\$ 10,810,891	\$ (2,777,785)
E 0031-0032	Empl Preparation Ed	00SA432011	3,250,903	-	904,225	904,225	-	3,243,389	3,243,389	(2,339,165)
E 0050-0080	Summer Program - Instruction	0000900011	5,393,926	-	203,382	203,382	-	5,100,372	5,100,372	(4,896,989)
E 0094	Fresh Fruits and Vegetables	0004110009	207,690	-	72,898	72,898	-	137,147	137,147	(64,249)
E 0100	School Health Services	0432110002	6,292,705	-	4,901,152	4,901,152	-	6,272,966	6,272,966	(1,371,814)
E 0124	Learn Tech Monroe	0647110041	49,618	-	39,375	39,375	-	49,006	49,006	(9,631)
E 0350	School Library System - Oper	0365110046	89,834	-	89,834	89,834	-	84,716	84,716	5,118
E 0351	Extend Day/Violence Prevention	0640112098	342,291	-	84,631	84,631	-	11,944	11,944	72,687
E 0352	School Library System - Automa	0364110046	8,884	-	8,884	8,884	-	3,845	3,845	5,039
E 0353	Library Automation Rollover	LIBROL1101	554	-	553	553	-	554	554	(1)
E 0354	Library Systems Rollover	LIBROL1102	1,230	-	1,229	1,229	-	1,230	1,230	(1)
E 0356	School Library Supplemental Aid	0365111046	33,338	-	33,338	33,338	-	1,825	1,825	31,513
E 0584	ECHS Smart Scholars	USNYSMAYR2	201,893	-	145,956	145,956	-	100,115	100,115	45,841
E 0585	Smart Scholars Cohort 2 Year 1	0444111004	37,283	-	9,320	9,320	-	-	-	9,320
E 0825	Teachers of Tomorrow	06441100012	685,400	-	342,700	342,700	-	655,000	655,000	(312,300)
Subtotal New York State Projects			\$ 27,422,243	\$ -	\$ 14,870,583	\$ 14,870,583	\$ -	\$ 26,473,000	\$ 26,473,000	\$ (11,602,417)
<u>MONROE COUNTY PROJECTS</u>										
E 0317	Pre-Sch Intgrtd/Hndcpdd	0000916511	\$ 902,268	-	\$ 488,834	\$ 488,834	-	\$ 836,192	\$ 836,192	\$ (347,358)
E 0370	Pre-School Related Services	0000920011	463,088	-	184,704	184,704	-	385,767	385,767	(201,063)
E 0375	Preschool S.E.I.T.	0000913511	170,299	-	75,504	75,504	-	152,034	152,034	(76,530)
E 0391	Pre-Sch Admin/County	COUNTY1101	381,972	-	-	-	-	377,606	377,606	(377,606)
E 0772	MCDSS CAREERS	MCDSS47411	466,000	-	233,000	233,000	-	464,459	464,459	(231,459)
Subtotal Monroe County Projects			\$ 2,383,627	\$ -	\$ 982,042	\$ 982,042	\$ -	\$ 2,216,058	\$ 2,216,058	\$ (1,234,016)

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
PROJECTS OPEN AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

RCSD NO.	ACCOUNT TITLE	GRANT NUMBER	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue								
				CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011									
PRIVATE PROJECTS																		
E 0131	GRHF School #34 Grant 2	GRHF341101	158,674	\$ -	\$ 122,024	\$ 122,024	\$ -	\$ 3,971	\$ 3,971	\$ 118,053								
E 0132	GRHF School #12	GRHF121101	59,561	-	76,151	76,151	-	29,948	29,948	46,203								
E 0141	GRHF #58 Movin-N-Groovin	GRHF581102	114,343	-	28,586	28,586	-	28,101	28,101	485								
E 0380	Target Field Trip School #23	TARGET2311	500	-	4,300	4,300	-	-	-	4,300								
E 0381	Target Field Trip School #28	TARGET2811	700	-	-	-	-	276	276	(276)								
E 0382	Target Field Trip School #44	TARGET4411	500	-	-	-	-	341	341	(341)								
E 0383	Target Field Trip Edison Imag	TARGET9411	700	-	-	-	-	699	699	(699)								
E 0384	Target Field Trip Edison Bus	TARGET8111	700	-	-	-	-	327	327	(327)								
E 0385	Target Field Trip SOTA	TARGET7411	700	-	-	-	-	700	700	(700)								
E 0386	Target Field Trip Wilson Com	TARGET6711	500	-	-	-	-	475	475	(475)								
E 0387	Target Field Trip SWW Fnd	TARGET6911	700	-	700	700	-	549	549	151								
E 0388	Target Field Trip Frank Fin	TARGET8611	700	-	700	700	-	259	259	441								
E 0405	Wallace Summer Enrichment	2011012212	710,000	-	-	-	-	-	-	-								
E 0416	Genesee Valley BOCES	GENBOCES11	24,000	-	24,000	24,000	-	8,208	8,208	15,792								
E 0429	Sprint Foundation School #44	SPRINT4411	5,000	-	5,000	5,000	-	4,739	4,739	261								
E 0501	Ronald McDonald Young Mothers	RONMCDON11	6,620	-	6,620	6,620	-	-	-	6,620								
E 0510	Macy's PENCIL	MACYSPEN11	5,000	-	5,000	5,000	-	-	-	5,000								
E 0513	The Primary Project	CHILDR1102	141,856	-	51,085	51,085	-	134,500	134,500	(83,415)								
E 0560	UNICON Construction @ Edison	UNICON1101	21,000	-	12,900	12,900	-	20,779	20,779	(7,879)								
E 0561	GRHF Franklin Montessori	GRHF531101	7,492	-	6,590	6,590	-	7,143	7,143	(553)								
E 0562	GRHF School #01	GRHF011101	5,755	-	5,755	5,755	-	3,943	3,943	1,812								
E 0563	GRHF School #02	GRHF021101	4,300	-	4,300	4,300	-	2,368	2,368	1,932								
E 0564	GRHF School #22	GRHF221101	7,479	-	7,479	7,479	-	7,451	7,451	28								
E 0565	GRHF School #25	GRHF251101	3,500	-	3,500	3,500	-	3,447	3,447	53								
E 0566	GRHF School #35	GRHF351101	7,423	-	7,423	7,423	-	7,249	7,249	174								
E 0567	GRHF School #36	GRHF361101	906	-	906	906	-	906	906	-								
E 0568	GRHF School #42	GRHF421101	7,442	-	7,442	7,442	-	7,388	7,388	54								
E 0569	GRHF School #58	GRHF581101	7,500	-	7,500	7,500	-	7,430	7,430	70								
E 0571	Phitness Phun Redone	GRHF351102	7,360	-	7,360	7,360	-	-	-	7,360								
E 0572	Playing With A Purpose	GRHF331101	9,997	-	9,997	9,997	-	-	-	9,997								
E 0573	Jump Into Health Recess	GRHF251102	9,945	-	9,945	9,945	-	-	-	9,945								
E 0581	Exped Learning #58 Grant 1	ELSWO1101	27,000	-	27,000	27,000	-	5,332	5,332	21,668								
E 0582	Exped Learning SWW Travel	ELSSWW1101	6,000	-	6,000	6,000	-	4,818	4,818	1,182								
E 0583	IAT Exped Learning	ELSIAT1101	10,000	-	10,000	10,000	-	9,320	9,320	680								
E 0700	Virtual Enterprise Membership	VIRTUA1101	-	-	3,500	3,500	-	-	-	3,500								
E 0725	NCFL Toyota Family Literacy	TOYOTA1101	168,880	-	168,880	168,880	-	22,718	22,718	146,162								
E 0742	Cuban/Haitian Entrants	CFCCHESS11	39,650	-	-	-	-	38,458	38,458	(38,458)								
E 0800	RACF/GATES-New Sch Initive Plng	RACFGA1101	515,000	-	-	-	-	13,508	13,508	(13,508)								
E 0901	RWI Law Prep SWW	RWILAWPR11	21,655	-	18,622	18,622	-	18,622	18,622	-								
E 0902	RWI Garden Plots SWW	RWIGARDE11	21,606	-	18,866	18,866	-	18,866	18,866	-								
E 0903	RWI Hospitality @ Jefferson	RWIHOSP111	25,194	-	22,140	22,140	-	22,140	22,140	-								
E 0904	RWI Sports Managemnt Jefferson	RWISPORT11	22,185	-	19,287	19,287	-	19,287	19,287	-								
Subtotal Private Projects			\$ 2,188,023	\$ -	\$ 709,558	\$ 709,558	\$ -	\$ 454,266	\$ 454,266	\$ 255,292								
TOTAL NEW YORK STATE AND OTHER AWARDS - OPEN PROJECTS			\$ 31,993,893	\$ -	\$ 16,562,183	\$ 16,562,183	\$ -	\$ 29,143,324	\$ 29,143,324	\$ (12,581,141)								
SCHOOL FOOD SERVICE FUND:																		
N.Y.S. Education Department			\$ 491,855	-	\$ 491,855	\$ 491,855	-	\$ 491,855	\$ 491,855	-								
TOTAL NEW YORK STATE AND OTHER AWARDS - CLOSED AND OPEN PROJECTS AND SCHOOL FOOD SERVICE FUND											\$ 66,487,900	\$ 13,156,052	\$ 35,884,327	\$ 49,040,379	\$ 32,100,693	\$ 29,520,827	\$ 61,621,520	\$ (12,581,141)
TOTAL ROCHESTER CITY SCHOOL DISTRICT PROJECTS			\$ 285,806,186	\$ 76,788,405	\$ 144,823,402	\$ 221,611,807	\$ 119,314,127	\$ 134,664,919	\$ 253,979,046	\$ (32,367,239)								

ROCHESTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL, NEW YORK STATE AND OTHER AWARDS
PROJECT SUMMARY AS OF JUNE 30, 2011
YEAR ENDED JUNE 30, 2011

	(REVENUE) BUDGET	REVENUES			EXPENDITURES			Net (Accrued)
		CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	CUMULATIVE 6/30/2010	CURRENT YEAR	CUMULATIVE 6/30/2011	Deferred Revenue
TOTAL AWARDS - CLOSED PROJECTS	\$ 136,495,482	\$ 76,788,405	\$ 51,190,735	\$ 127,979,140	\$ 119,314,127	\$ 8,665,013	\$ 127,979,140	\$ -
TOTAL AWARDS - OPEN PROJECTS	133,723,761	0	78,045,724	78,045,724	-	110,412,963	110,412,963	(32,367,239)
TOTAL AWARDS - FOOD SERVICE	15,586,943	0	15,586,943	15,586,943	-	15,586,943	15,586,943	-
TOTAL AWARDS - OPEN PROJECTS & FOOD SERVICE	\$ 149,310,704	\$ -	\$ 93,632,667	\$ 93,632,667	\$ -	\$ 125,999,906	\$ 125,999,906	\$ (32,367,239)
GRAND TOTAL	\$ 285,806,186	\$ 76,788,405	\$ 144,823,402	\$ 221,611,807	\$ 119,314,127	\$ 134,664,919	\$ 253,979,046	\$ (32,367,239)

2011

GAFER



Student Activity Funds



Freed Maxick & Battaglia, CPAs, PC

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 the Statement of Assets and Liabilities Arising from Cash Transactions and Statement of Cash Receipts and Disbursements of the student activity funds of the Rochester City School District (the District), a component unit of the City of Rochester, New York, as of and for the years ended June 30, 2011 and 2010. The financial statements are the responsibility of District's management. Our responsibility is to express an opinion on the financial statements based on our audits.

Except as discussed in the following paragraph, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 impracticable to extend our audit of such receipts beyond the amounts recorded.

The District's policy is to prepare the financial statements of the Student Activity Funds on the basis of cash receipts and disbursements as explained in Note 2 to the financial statement, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the accompanying Statement of Assets and Liabilities Arising from Cash Transactions and Statement of Cash Receipts and Disbursements is not intended to present the financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for any effects of any adjustments which might have resulted had the cash collections been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the recorded transactions of the Student Activity Funds of the District as of and for the years ended June 30, 2011 and 2010, arising from cash receipts and disbursements made during the years then ended, on the basis of accounting described in Note 2.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
November 21, 2011

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STUDENT ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2011 AND 2010

	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
ASSETS		
Cash --		
Elementary Schools	\$ 60,172	\$ 65,586
Secondary Schools	<u>162,187</u>	<u>220,036</u>
Total Assets	<u><u>\$ 222,359</u></u>	<u><u>\$ 285,622</u></u>
LIABILITIES		
Student Deposits --		
Elementary Schools	\$ 60,172	\$ 65,586
Secondary Schools	<u>162,187</u>	<u>220,036</u>
Total Liabilities	<u><u>\$ 222,359</u></u>	<u><u>\$ 285,622</u></u>

See accompanying notes to student activity funds financial statements.

ROCHESTER CITY SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2011 AND 2010

	June 30, 2011	June 30, 2010
RECEIPTS		
Elementary Schools	\$ 213,063	\$ 199,906
Secondary Schools	734,550	621,421
Total Receipts	<u>947,613</u>	<u>821,327</u>
DISBURSEMENTS		
Elementary Schools	218,477	196,635
Secondary Schools	792,399	632,166
Total Disbursements	<u>1,010,876</u>	<u>828,801</u>
Excess (Deficiency) of Receipts over Disbursements	(63,263)	(7,474)
Cash - Beginning of Year	<u>285,622</u>	<u>293,096</u>
Cash - End of Year	<u><u>\$ 222,359</u></u>	<u><u>\$ 285,622</u></u>

See accompanying notes to student activity funds financial statements.

ROCHESTER CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
STUDENT ACTIVITY FUNDS
JUNE 30, 2011

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 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.

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