

**State Monitor**  
**Draft Financial Plan**  
**Rochester City School District**

FY 2020 - FY 2025

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State Monitor

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# Introduction

## Background Information on the Rochester Schools

The city of Rochester is located in upstate New York. The city sits on the southern shore of Lake Ontario. The Genesee River bisects the city. Rochester is the third most populous city after New York City and Buffalo. Rochester is located in Monroe County. The city is part of a region known for science, technology, research, and development. The University of Rochester and the Rochester Institute for Technology along with notable smaller colleges like St. John Fisher College also support the economy of the city and region.

Just over 63% of the city's residents are from historically underrepresented and marginalized cultural groups, making Rochester one of a growing number of so-termed 'minority-majority' cities in the United States. This stands in stark contrast to suburban Monroe County, where non-White cultural groups make up 13.4% of the population (i.e., 86.6% non-Hispanic white). This contrast in racial and ethnic strata reflects severe socioeconomic disparities. Colleges also support the economy of the city and region. Rochester is also known for its poverty. According to *Rochester 2034*, a 15-year comprehensive plan to improve Rochester, published by the Mayor's Office, over a quarter (25.1%) of full-time earners in Rochester make less than \$25,000. While the city of Rochester accounts for only 28.1% of the population in the County, it accounts for 61.4% of the County's people in poverty. The services needed by such a disproportionate number of families in need creates a strain on the limited resources of the school district.

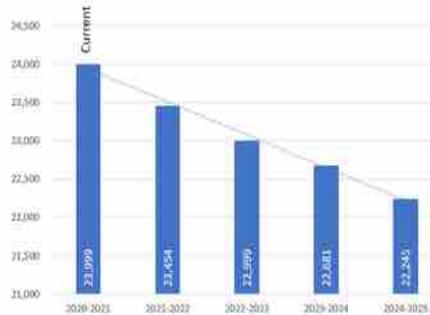
The Rochester City School District (RCSD) services 31,334 students, including a growing population of charter school students. The population of the school district is composed almost entirely of students of color, with Black students making up 53.1%, Hispanic / Latino students making up 32.7% of the student population, White students comprising 9.6%, and Asian students representing 2.9% of the RCSD student population. Rochester has seen the growth of communities of Bhutanese, Nepalese, and Sudanese, among other immigrant groups moving to Rochester as part of refugee resettlement programs. RCSD students speak 65 different languages. There are 3,716 teachers and administrators supporting students and their families in 55 Pre-K sites, 46 schools, and 10 alternative programs.

The financial condition of RCSD is largely driven by state aid, driven by student enrollment. The table below highlights a trend of declining student enrollment for RCSD.

## Student Enrollment – Current & Projected \*

Grade	Current		Projected (Fiscal Year)		
	2021	2022	2023	2024	2025
Kindergarten	1,921	1,754	1,845	1,907	1,899
1	1,862	1,859	1,788	1,882	1,944
2	1,850	1,787	1,880	1,716	1,806
3	1,773	1,786	1,725	1,815	1,657
4	1,850	1,736	1,749	1,689	1,777
5	1,813	1,783	1,567	1,600	1,545
6	1,981	1,773	1,744	1,553	1,585
7	1,942	1,890	1,683	1,656	1,474
8	1,902	1,892	1,841	1,639	1,613
9	2,538	2,708	2,692	2,620	2,333
10	1,724	1,818	1,938	1,927	1,875
11	1,325	1,218	1,283	1,368	1,361
12	1,405	1,353	1,243	1,310	1,397
Ungraded	-	-	-	-	-
<b>Total K-12</b>	<b>23,996</b>	<b>23,454</b>	<b>22,999</b>	<b>22,681</b>	<b>22,245</b>

\* 2018 Live Birth Data not yet released, so only 4-year projection is available



The projected 4-year enrollment of academic years 2022-2025 shows a continuous downward trend, by a cumulative amount of over 1,700 students, or 7.4%.

The role of the State Monitor Work Plan is to direct and guide the improvement of designated outcomes as a coordinated effort, working with all stakeholders; especially the newly appointed Dr. Lesli Myers-Small. Dr. Lesli Myers-Small was hired as Superintendent prior to the appointment and arrival of the State Monitor. The Rochester City School District (RCSD), has been struggling for more than a decade, with six superintendents, and ten chief financial officers in conjunction with many local and state efforts to improve its performance. As a result, Chapter 56 of the Laws of 2020 required Commissioner Shannon Tahoe to appoint a Monitor to the Rochester City School District to provide oversight, guidance, and technical assistance related to the academic and fiscal policies, practices, programs, and decisions of the District, the Board of Education, and the Superintendent. The State Monitor began on May 26, 2020. The primary responsibilities of the Monitor include the following:

- Serve as a non-voting ex-officio member of the Board.
- Assist the Board in adopting a conflict of interest policy that ensures board members and administrators act in the District's best interest.
- Work with the Board to develop a proposed academic improvement plan and proposed financial plan for the District no later than November 1, 2020, for the 2020-2021 school year and the four subsequent school years.
- Beginning with the 2021-22 school year budget, ensure that the budget is balanced and consistent with the District's long-term financial plan.

In July 2018, Commissioner MaryEllen Elia appointed Dr. Jaime Aquino to be the Distinguished Educator to the District. He issued a report in November 2018 with 84 recommendations that the District has been working to implement. It is an expectation that the Financial Plan developed by the Monitor and the Board, will incorporate some of the work of Dr. Aquino. In June 2020, the Office of the New York State Comptroller (OSC) recommended RCSD work with the State Monitor to develop comprehensive multi-year financial plans with structurally balanced budgets that:

- Include realistic estimates of revenues and appropriations based on historical trends or other known factors.
- Comply with the Board’s fund balance policy and restore necessary reserves.
- Fund long-term operating needs, goals, and objectives, and discontinue the practice of delaying cash capital expenditures in order to finance recurring expenditures.

## Organization of the Financial Work Plan

The organization of the State Monitor’s Financial Work Plan conforms to the *Multi-year Financial Planning Local Government Management Guide* (updated 2017). The work plan takes into consideration the current financial health and practices of RCSD as findings. The fiscal improvement plan also considers predicted levels of state funding to create multiple scenarios and provides recommendations for each scenario based on a set of assumptions regarding revenues and expenses. This organization coincides with the major elements of a multiyear financial plan outlined in the Office of New York State Comptroller’s guide referenced above.

The following terms will be used throughout this work plan:

Revenue Projections: These demonstrate trends in existing revenue streams to illustrate the level of available resources given current policy and projected economic assumptions. Projections can be done in the aggregate by major revenue types, or they can be very detailed to show variations in individual revenues.

Expenditure Projections: These estimate the future costs of current services adjusted for inflation and known obligations (such as collective bargaining increases or lease escalations). Projections can be done by an object (i.e., personal services, equipment, contractual services, etc.), by program or function (i.e., public safety, recreation, etc.), or some combination of the two.

Annual Deficits/Surpluses: Comparisons of projected revenues and expenditures can highlight budget imbalances that often widen in future years.

Reserves/Fund Balances: These reflect the reserves (both dedicated and unspecified) available to municipalities to help endure short-run fiscal pressures such as revenue shortfalls or unanticipated expenditures.

Fiscal Improvement Plan (FIP): This part of the plan identifies goals to improve the long-term fiscal condition of the municipality, specifies the local actions necessary to achieve those goals, and defines performance measures that will help measure progress.

The State Monitor's Work Plan report is divided into nine (9) sections:

1. Introduction
2. Organization of the Work Plan
3. Methodology for Data Collection
4. Revenue, Expenditure, and Fund Balance Forecasts
5. General Findings and Recommendations
6. RCSD Fiscal Findings and Recommendation
7. Conclusion
8. Appendices

## Methodology for Data Collection

The Monitor took a three-pronged approach to data collection. Data was initially gathered through actively participating in the daily work activities of central office staff members. Second, purposive sampling was used to identify individuals internal and external to the organization for interviews and focus groups. Finally, district documents and other artifacts related to district business were examined. Active Monitor participation involved multiple meetings with various combinations of Executive Cabinet members and Board officers as follows:

- Executive cabinet meetings
- Board Officers' meetings with Dr. Lesli Myers-Small, Superintendent.
- Weekly meetings with the Dr. Lesli Myers-Small, Superintendent, Chief Financial Officer, Chief of Operations, Auditor General, the two Deputy Superintendents, and the District Clerk
- Biweekly meetings with staff members in Grants, Special Education, and Finance

During those meetings, the State Monitor presented on the following topics during multiple cabinet meetings, the cabinet retreat, and the leadership summit: Implementation Science, Data-Driven Decision Making, and the role of a State Monitor. The state monitor regularly reviewed contracts and resolutions and recommended modifications prior to final execution. The State Monitor participated in meetings to negotiate key vendor contracts, like transportation. The State Monitor offered support to the Directors of Mathematics and English Language Arts during the final stages of developing curriculum frameworks. The State Monitor shadowed the newly hired CFO for the first three weeks of her tenure. The State Monitor supported the Board commissioners by participating in meetings to help commissioners with the structure and content of committee meetings of the whole. The State Monitor also participated in interviews for the following positions; Deputy of Teaching and Learning, Deputy for Student Support

Services, Chief Academic Officer, and Chief Financial Officer. Twice monthly since early June, the State Monitor has actively participated in all Board deliberations.

The second data collection method used was through individual interviews and focus groups. Participants were selected based on staff recommendations, affiliation, or oversight within the District, volunteers, and references identified in documents from previous reviews of the District. Multiple informal interviews were conducted with RCSD employees and external partners as documented in Tables 1-3. Documents reviewed are in Appendix A and B.

Table 1. Summary of RCSD Interviews Conducted

STAKEHOLDER	NO. MEETINGS	STAKEHOLDER	NO. MEETINGS
Superintendent	20+	Directors	10+
Deputy Superintendent	5+	Union Leadership	4
Executive Directors	15+	Board of Education Commissioners	15+
Principals	6+	Chiefs	30+
Teachers	4+	Staff (e.g., transportation, academics, technology, special education, accountability, placement, grants, legal, finance)	30+

Table 2. Summary of External Stakeholder Meetings

STAKEHOLDER	NO. MEETINGS	STAKEHOLDER	NO. MEETINGS
Urban League, Dr. Hawkins, CEO	1	Assemblyman Harry Bronson	4
Center For Youth Rochester, Community Based Organization	2	Georgetown University Finance Support	1
ROC the Future	2	Board of Regents Vice Chancellor T. Andrew Brown	1
Action for Education Equity, Laura Smith	1	St. John Fisher College, Dr. Sam Walton, Dr. Maples, Dr. Dingus, Dr. Perry, Dr. Stevenson	2
The Children's Agenda, Eamonn Scanlon	2	State Education Development	8
Office of State Comptroller, Dan Winkler, Kim Goerlich	10	Conference of Big 5 School Districts, Jennifer Pyle	6

Regent Norwood	2	BOCES, Monroe 1 and 2	5
Race, Equity, and Leadership, Howard Eagle Members and former employees	2	University of Rochester, Finance Support, Dr. Finnegan, Arian, Steve	2
CFOs other NY Districts	5	Executive Leadership. other NY Districts	6
Cornhill neighborhood residents	2	ECG Engineers	1
Forecast5 Analytics, Michael Vespi	6	The Rochester Chamber of Commerce, Adrian Hale, Bob Duffy	2

Focus groups were conducted as recorded in the following chart.

Table 3. Summary of Focus Group Meetings

STAKEHOLDER	NO. MEETINGS	STAKEHOLDER	NO. MEETINGS
Parents, Students With Interrupted Education (SIFE)	2	Chamber of Commerce	2
Parent Leaders Training Institute (PLTI)	2	High School Principals	2
Principals	3	Assistant Principals	1
Teachers	2	Parents of Multilingual Students	2

## Budget Forecast Based on State Aid Reductions

New York State is anticipating a loss in revenues in part due to the impact of the pandemic. A flurry of communications from the Department of Education stipulates the strong possibility of a reduction in funds that constitute 80% of the total revenues within the RCSD budget.

The District contracted with Forecast5, a financial consulting firm to produce three (3) scenarios based on the anticipation of various levels of state aid reduction. Each scenario includes the loss of state aid due to a reduction in reimbursable services. To explain, the onset of COVID forced RCSD students to remain home for virtual instruction. This phenomenon resulted in a reduction in transportation needed to transport students to and from school from March 13, 2020, through the end of the school year. Consequently, a reduction in transportation service one school year corresponds to a reduction in transportation aid the following school year. For RCSD the reduction in transportation aid totaled \$23,100,000 for the 2020/21 school year. The District's response to COVID also resulted in a reduction of services to special education students learning in a virtual environment. The reduction in billable services to students in one year resulted in an estimated reduction of \$840,000 in Medicaid reimbursements for services to students with disabilities during the same time period as transportation for the 2020/21 school year.

### Major Revenue Assumptions

1. The current assumption is the city of Rochester will continue to contribute \$119,100,000 on an annual basis. (This amount has been consistent for the previous 8 years of forecast data.)
2. State Aid: The Governor of New York announced a 20% cut in aid to school districts in June. Two months of payments were reduced by 20% from various state funding sources. Full payments were restored to districts for the month of September. At the time of the writing of this document, an updated announcement about the future of state aid to districts has not been forthcoming from the Governor's office. The fact 80% of the revenue for RCSD comes from state aid and the fact the fund balance for the District is well below a level that could withstand fluctuations in funding from the state, position the District in a vulnerable financial position.

Due to the lack of information about the District's short term financial future, a conservative approach was taken to develop 3 scenarios for revenue and expense projections

3. Foundation aid is projected to be flat in future years due to New York State's projected budget deficit over the next five years.
4. Building aid has been adjusted based on a projected debt service schedule provided by the city of Rochester's fiscal advisor.
5. Special Services and other aids such as Charter School transitional aid is expected to remain flat.
6. Enrollment-driven aids are expected to remain flat or decrease which is consistent with the enrollment projections.
  - a. Textbook aid

- b. Computer Software
- c. Computer Hardware
- d. Library materials

An additional \$16,198,296 has been budgeted in 2020/21 in the form of state aid. Included within this figure is approximately \$10M in building aid based on estimates from the RCSD business office staff. Also included in this figure is Bullet Aid of \$1.2M which the District has not yet received as well as Charter School Supplemental Tuition Aid, and Incarcerated Youth Aid. Given the uncertainty of this funding actually coming to fruition, the entire \$16.2M has been removed from the forecast.

The RCSD's building aid projection will vary from the State's published information in April due to the timing of the submission of forms. Projects in their first year of aid eligibility will always be excluded from the Legislative Budget. This is the primary cause of the variance. The RCSD files all reports in a timely manner, however, Final Cost Reports (FCR's) cannot be submitted to the State unless a project is complete. Project delays, contractor disputes, liens, punch list items, etc., are some of the common reasons that prevent outstanding FCRs from being filed. Projects with a budget of at least \$1M are eligible for the Early Aid Start Request and begin to receive aid in the same manner as if the FCR was filed.

### Major Expenses Assumptions

1. Collective bargaining agreements are due to expire at various dates. A factor of 1.75% has been used for future salary increases. (These percentages have been used for estimation purposes only - actual settlements could vary.)
2. Employee Benefit Trends
  - a. The Teachers Retirement System (TRS) contribution rate is projected to increase each year. An assumption of 10.50% was used for 2022 increasing to 12.00% in 2026. These rates are expected to increase each year.
  - b. The Employees Retirement System (ERS) contribution rate is projected to increase each year. An assumption of 16.20% was used for 2022 and was kept flat over the forecast period.
  - c. Health, Dental, and Vision are projected for a rate increase of 6.00%.
3. The actual debt service schedule has been used in the forecast based on prior estimates from the city fiscal advisor.
4. BOCES budget is projected to be reduced in 2021-2022 and then increase at an average rate of 2.4% per year during the forecast period.
5. Equipment, Contractual expenses, and Materials/Supplies are projected at a conservative increase of 1.5% per year during the forecast period.

The scenarios depicting various levels of state aid reductions are presented as follows:

- Base 0% - State Aid Reduction given \$23,940,000 (\$23,100,000 Trans Aid + \$840,000 Medicaid)
- Scenario 1B – 0% State Aid Reduction which equates to 6.73% given above
- Scenario 2B – 5% State Aid Reduction which equates to 11.04% given above

Scenario 3B – 10% State Aid Reduction which equates to 15.36% given above

NOTE: \*These budget forecast scenarios contain estimates of revenues and expenditures. The actual results are expected to vary from this forecast. While every effort is made to be as accurate as possible, forecast scenarios are based on assumptions that can change throughout the fiscal year.

### Scenario 1B – 0% State Aid Reduction

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS								
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>REVENUE</b>											
Local	\$130,278,000	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%
State	604,701,860	600,081,257	-0.76%	598,361,829	-0.29%	599,276,182	0.15%	595,997,750	-0.55%	596,644,878	0.11%
Federal	1,087,000	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%
Transfers / Other	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL REVENUE</b>	<b>736,066,860</b>	<b>731,446,257</b>	<b>-0.63%</b>	<b>729,726,629</b>	<b>-0.24%</b>	<b>730,641,182</b>	<b>0.13%</b>	<b>727,362,750</b>	<b>-0.45%</b>	<b>729,009,878</b>	<b>0.09%</b>
<b>EXPENDITURES</b>											
Salary and Benefit Costs	436,770,219	450,245,049	3.09%	462,385,607	2.70%	474,944,081	2.72%	487,974,831	2.74%	502,116,875	2.90%
Other	348,654,245	349,810,288	0.27%	348,943,586	-0.19%	352,514,245	1.02%	354,801,870	0.65%	360,164,812	1.51%
<b>TOTAL EXPENDITURES</b>	<b>785,424,964</b>	<b>799,856,138</b>	<b>1.84%</b>	<b>811,329,193</b>	<b>1.44%</b>	<b>827,458,326</b>	<b>1.99%</b>	<b>842,776,501</b>	<b>1.85%</b>	<b>862,281,487</b>	<b>2.31%</b>
<b>SURPLUS / DEFICIT</b>	<b>(49,358,298)</b>	<b>(68,409,881)</b>		<b>(81,602,564)</b>		<b>(96,817,144)</b>		<b>(115,413,751)</b>		<b>(134,271,609)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>82,796,654</b>	<b>53,427,209</b>		<b>(34,872,171)</b>		<b>(116,680,739)</b>		<b>(213,387,873)</b>		<b>(229,811,924)</b>	
<b>PROJECTED YEAR END BALANCE</b>	<b>\$33,437,209</b>	<b>(\$34,872,171)</b>		<b>(\$118,586,739)</b>		<b>(\$213,387,873)</b>		<b>(\$329,811,624)</b>		<b>(\$463,883,231)</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>4.26%</b>	<b>-4.37%</b>		<b>-14.37%</b>		<b>-25.79%</b>		<b>-39.02%</b>		<b>-53.70%</b>	
<b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>	<b>9.51</b>	<b>-8.92</b>		<b>-1.72</b>		<b>-3.09</b>		<b>-4.88</b>		<b>-6.44</b>	

### General (A) Fund | Expenditure Analysis

#### Forecast Scenario 1B

	BUDGET		EXPENDITURE PROJECTIONS								
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
Salaries	\$288,240,292	\$293,284,498	1.75%	\$298,416,976	1.75%	\$303,639,273	1.75%	\$308,952,961	1.75%	\$314,359,837	1.75%
Benefits	148,529,927	156,961,351	5.68%	183,968,631	4.40%	171,304,806	4.47%	179,021,870	4.50%	187,757,238	4.88%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>436,770,219</b>	<b>450,245,849</b>	<b>3.09%</b>	<b>462,385,607</b>	<b>2.70%</b>	<b>474,944,081</b>	<b>2.72%</b>	<b>487,974,831</b>	<b>2.74%</b>	<b>502,116,875</b>	<b>2.90%</b>
Equipment and Capital Outlay	553,236	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%
Contractual, Supplies and Other	222,383,609	226,761,299	1.97%	231,215,312	1.96%	235,764,565	1.97%	240,404,003	1.97%	245,137,846	1.97%
Supplies	33,029,689	33,029,967	0.00%	33,030,258	0.00%	33,030,441	0.00%	33,030,635	0.00%	33,030,841	0.00%
Debt Service Principal	2,200,000	3,305,000	50.23%	1,200,000	-65.69%	2,400,000	100.00%	3,600,000	50.00%	1,200,000	-66.67%
Debt Service Interest	2,272,346	2,114,484	-8.95%	1,200,000	-39.47%	1,080,000	-15.63%	1,620,000	50.00%	540,000	-66.67%
Interfund Transfers	88,215,865	83,846,303	-4.95%	81,670,782	-2.99%	79,688,003	-2.43%	75,582,986	-5.14%	72,702,690	5.44%
<b>TOTAL ALL OTHER</b>	<b>348,654,745</b>	<b>349,810,289</b>	<b>0.27%</b>	<b>348,943,588</b>	<b>-0.19%</b>	<b>352,514,245</b>	<b>1.02%</b>	<b>354,801,870</b>	<b>0.65%</b>	<b>360,164,812</b>	<b>1.51%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$785,424,964</b>	<b>\$799,856,138</b>	<b>1.84%</b>	<b>\$811,329,193</b>	<b>1.44%</b>	<b>\$827,458,326</b>	<b>1.99%</b>	<b>\$842,776,501</b>	<b>1.85%</b>	<b>\$862,281,487</b>	<b>2.31%</b>

**General (A) Fund | Revenue Analysis**

**Forecast Scenario 1B**

	BUDGET		REVENUE PROJECTIONS								
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>LOCAL</b>											
Property Taxes	\$119,100,000	\$119,300,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%
Other Local Revenue	11,178,000	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%
<b>TOTAL LOCAL REVENUE</b>	<b>130,278,000</b>	<b>130,478,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>
<b>STATE</b>											
Basic Aid	526,710,993	526,710,993	0.00%	526,710,993	0.00%	526,710,993	0.00%	526,710,993	0.00%	526,710,993	0.00%
Other State Revenue	77,990,675	73,370,764	-5.92%	71,650,636	-2.34%	72,585,199	1.28%	89,288,737	23.42%	69,933,885	-23.11%
<b>TOTAL STATE REVENUE</b>	<b>604,701,668</b>	<b>600,081,757</b>	<b>-0.76%</b>	<b>598,361,629</b>	<b>-0.29%</b>	<b>599,296,192</b>	<b>0.15%</b>	<b>616,009,734</b>	<b>2.70%</b>	<b>596,647,878</b>	<b>-0.11%</b>
<b>TOTAL FEDERAL REVENUE</b>	<b>1,087,000</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>0</b>	<b>-100.00%</b>
<b>OTHER FINANCING SOURCES</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL REVENUE</b>	<b>\$736,066,668</b>	<b>\$731,448,757</b>	<b>-0.63%</b>	<b>\$729,726,629</b>	<b>-0.24%</b>	<b>\$730,641,192</b>	<b>0.13%</b>	<b>\$727,362,730</b>	<b>-0.45%</b>	<b>\$726,922,678</b>	<b>-0.06%</b>

**General (A) Fund | Expenditure Analysis**

**Forecast Scenario 1B**

	BUDGET		EXPENDITURE PROJECTIONS								
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$298,240,292</b>	<b>\$293,284,498</b>	<b>-1.75%</b>	<b>\$290,416,970</b>	<b>-1.75%</b>	<b>\$300,639,273</b>	<b>3.50%</b>	<b>\$308,952,901</b>	<b>2.77%</b>	<b>\$314,359,637</b>	<b>1.79%</b>
Salaries	148,529,927	156,861,353	5.65%	163,968,631	4.48%	171,264,868	4.47%	179,621,670	4.90%	187,757,238	4.56%
Benefits	149,710,365	136,423,145	-8.35%	126,448,339	-7.32%	129,374,405	2.30%	129,331,231	-0.03%	126,602,399	-2.13%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>426,770,216</b>	<b>460,245,849</b>	<b>3.09%</b>	<b>462,385,807</b>	<b>2.79%</b>	<b>474,944,081</b>	<b>2.72%</b>	<b>487,974,631</b>	<b>2.74%</b>	<b>490,961,878</b>	<b>2.90%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$785,424,964</b>	<b>\$799,856,138</b>	<b>1.84%</b>	<b>\$811,335,195</b>	<b>1.44%</b>	<b>\$827,488,226</b>	<b>1.99%</b>	<b>\$842,776,501</b>	<b>1.89%</b>	<b>\$862,281,467</b>	<b>2.31%</b>

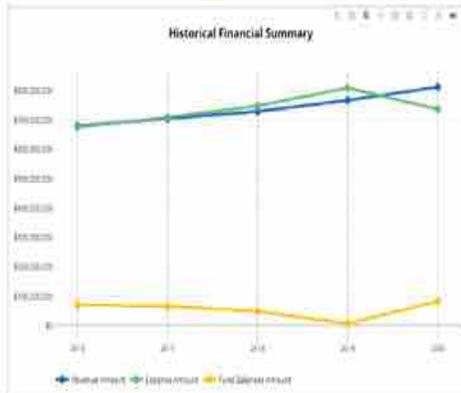
# Financial Forecast Summary - General Fund

Scenario: Forecast Scenario 1B



## Summary

- This summary is for the General Fund and covers fiscal year periods 2021-2026.
- For the current fiscal year period 2021, an unfavorable (deficit) condition is expected with expenses exceeding revenues by \$46,145,855. Based on the current year conditions and the assumptions for the forecast periods ending in 2026, this unfavorable condition will continue with a recognized deficit of -\$131,062,171 in 2026.
- The cumulative change from the current year and forecasted periods ending in 2026 is a cumulative deficit of 4,626,622,100. In order to establish a structurally balanced budget where recurring revenues equal or exceed recurring expenditures over these periods, expenses would need to be reduced by an average of 10.7% for each year without additional revenues.
- Over the past historical periods (2016-2020) an aggregate surplus condition was recognized, with the revenues exceeding the expense by an average of \$5,035,163, or a 0.7% favorable surplus (as a percentage of expense). However, some variations were seen year to year including a surplus of \$17,447,568 (10.8% of expense) in 2020, and a deficit of -\$40,234,199 (-0.8% of expense) in 2019.
- Based on the assumptions for the forecasted periods (2021-2026), total revenues are expected to stay mostly flat with the average yearly decrease of -0.2%. Over the same period total expenses are expected to increase consistently with an average yearly increase of 1.9%.
- For the historical periods (2016-2020), total revenues increased consistently with average yearly increase of 4.5%. Total expense increased by 2.2% per year on average, with some variability year to year including a decrease of -8.0% in 2020 attributed mostly to drops in Personal Services (-8.6%), and Contractual, Supplies and Other (-14.0%), as well as an increase of 8.3% in 2019.
- Based on the assumptions for the current and forecasted periods, total General Fund balances are expected to decrease from \$36,648,648 in 2021 to -\$443,826,605 in 2026, representing a -1311.1% change. *Note:* These balance projections are based on the final balance of \$92,798,804 in the last historical period (2020) as a starting point, and we adjusted for the applied encumbrance (-100,000,000) and expenses. These activities-related adjustments range between +\$3,296,428 in 2021 and -\$19,298,628 in 2022.
- General Fund balances reported as a percent of total revenues and expenditures provides a comparative analysis for measuring the predictability and reliability of key revenue sources and expenditures. For the current year period 2021, the total balance of \$36,648,548 represents 5.0% of total revenue and 4.7% of total expense in the General Fund. For the last year in the forecasted periods (2026), total General Fund balances are expected to decrease to -\$443,826,605 (-1311.1%). This amount represents 4.1% of total revenues and -51.7% of total expenses. These fund balances fail to meet the established fund balance targets (50.0% of revenues/expenditures) in all of the years of the forecasted period (2021-2026), and are considered inadequate. The projected decrease in fund balance over the forecasted periods of -1311.1% is considered material and may be an indicator of structurally imbalanced budget conditions related to recurring revenues and expenses and use of reserves or other short-term financing actions.



## Scenario 2B – 5% State Aid Reduction

### General (A) Fund | Revenue Analysis

#### Forecast Scenario 2B

	BUDGET			REVENUE PROJECTIONS							
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>LOCAL</b>											
Property Taxes	\$119,100,000	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%
Other Local Revenue	11,178,000	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%
<b>TOTAL LOCAL REVENUE</b>	<b>130,278,000</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>
<b>STATE</b>											
Basic Aid	502,327,454	502,327,454	0.00%	502,327,454	0.00%	502,327,454	0.00%	502,327,454	0.00%	502,327,454	0.00%
Other State Revenue	74,389,177	69,760,206	-6.21%	69,940,139	-2.47%	66,954,201	-1.54%	65,676,259	-4.25%	66,323,327	0.99%
<b>TOTAL STATE REVENUE</b>	<b>576,716,631</b>	<b>572,087,720</b>	<b>-0.80%</b>	<b>570,367,593</b>	<b>-0.29%</b>	<b>571,382,155</b>	<b>0.16%</b>	<b>568,003,713</b>	<b>-0.57%</b>	<b>568,650,841</b>	<b>0.11%</b>
<b>TOTAL FEDERAL REVENUE</b>	<b>1,087,000</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>0</b>	<b>-100.00%</b>
<b>OTHER FINANCING SOURCES</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL REVENUE</b>	<b>\$708,072,631</b>	<b>\$703,462,720</b>	<b>-0.68%</b>	<b>\$701,732,692</b>	<b>-0.24%</b>	<b>\$702,647,155</b>	<b>0.13%</b>	<b>\$699,368,713</b>	<b>-0.47%</b>	<b>\$699,929,841</b>	<b>-0.08%</b>

### General (A) Fund | Expenditure Analysis

#### Forecast Scenario 2B

	BUDGET			EXPENDITURE PROJECTIONS							
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
Salaries	\$288,240,292	\$293,264,498	1.75%	\$296,416,976	1.15%	\$303,639,273	1.75%	\$308,952,961	1.75%	\$314,359,637	1.75%
Benefits	148,529,927	156,961,351	5.68%	163,968,631	4.46%	171,304,808	4.47%	179,021,870	4.50%	187,757,238	4.88%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>436,770,219</b>	<b>450,245,849</b>	<b>3.09%</b>	<b>462,385,607</b>	<b>2.70%</b>	<b>474,944,081</b>	<b>2.72%</b>	<b>487,974,831</b>	<b>2.74%</b>	<b>502,116,875</b>	<b>2.90%</b>
Equipment and Capital Outlay	553,236	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%
Contractual, Supplies and Other	222,383,609	226,761,299	1.97%	231,215,312	1.96%	235,764,565	1.97%	240,404,803	1.97%	245,137,846	1.97%
Supplies	33,029,689	33,029,967	0.00%	33,030,258	0.00%	33,030,441	0.00%	33,030,635	0.00%	33,030,841	0.00%
Debt Service Principal	2,200,000	3,305,000	50.23%	1,200,000	-63.69%	2,400,000	100.00%	3,800,000	50.00%	1,200,000	-66.67%
Debt Service Interest	2,272,348	2,114,484	-6.95%	1,280,000	-39.47%	1,080,000	-15.63%	1,620,000	50.00%	540,000	-66.67%
Interfund Transfers	88,215,865	83,846,303	-4.95%	81,670,782	-2.59%	79,686,003	-2.43%	75,592,996	-5.14%	79,702,690	5.44%
<b>TOTAL ALL OTHER</b>	<b>348,654,745</b>	<b>349,610,289</b>	<b>0.27%</b>	<b>348,949,588</b>	<b>-0.19%</b>	<b>352,514,245</b>	<b>1.02%</b>	<b>354,801,670</b>	<b>0.65%</b>	<b>360,164,612</b>	<b>1.51%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$785,424,964</b>	<b>\$799,856,138</b>	<b>1.84%</b>	<b>\$811,335,195</b>	<b>1.44%</b>	<b>\$827,458,326</b>	<b>1.99%</b>	<b>\$842,776,501</b>	<b>1.85%</b>	<b>\$862,281,487</b>	<b>2.31%</b>

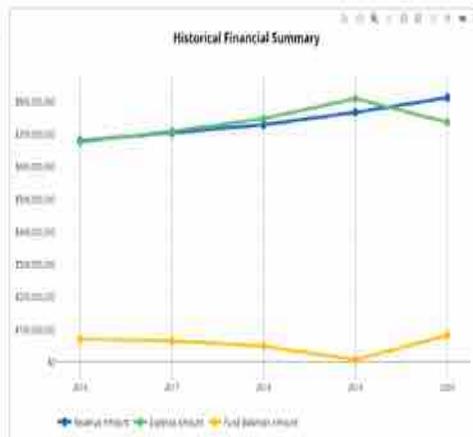
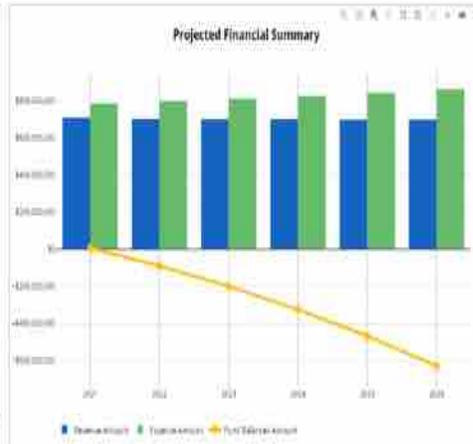
# Financial Forecast Summary - General Fund

Scenario: Forecast Scenario 2B



## Summary

- This summary is for the General Fund and covers fiscal year periods 2021-2026.
- For the current fiscal year period 2021, an unfavorable deficit condition is expected with expenses exceeding revenues by \$74,142,896. Based on the current year conditions and the assumptions for the forecast periods ending in 2026, this unfavorable condition will continue with a recognized deficit of -\$106,056,208 in 2026.
- The cumulative change from the current year and forecasted periods ending in 2026 is a cumulative deficit of -\$694,585,321. In order to establish a structurally balanced budget where recurring revenues equal or exceed recurring expenditures over these periods, expenses would need to be reduced by an average of 14.1% for each year without additional revenues.
- Over the past historical periods (2016-2020) an aggregate surplus condition was recognized, with the revenues exceeding the expenses by an average of \$5,030,163, or a 0.7% favorable surplus (as a percentage of expenses). However, some variations were seen year to year including a surplus of \$77,447,568 (10.8% of expenses) in 2020, and a deficit of -\$40,234,190 (-0.6% of expenses) in 2019.
- Based on the assumptions for the forecasted periods (2022-2026), total revenues are expected to stay mostly flat with the average yearly decrease of -0.2%. Over the same period total expenses are expected to increase consistently with average yearly increase of 1.9%.
- For the historical periods (2016-2020), total revenues increased consistently with average yearly increase of 4.5%. Total expenses increased by 2.2% per year on average, with some variability year to year including a decrease of -0.9% in 2020 attributed mostly to drops in Personnel Services (-4.6%), and Contractual, Supplies and Other (-14.8%), as well as an increase of 6.3% in 2019.
- Based on the assumptions for the current and forecasted periods, total General Fund balances are expected to decrease from \$9,652,609 in 2021 to -\$611,790,627 in 2026, representing a -7170.6% change. (Note: These balance projections are based on the final balance of \$8,738,504 in the last historical period (2020) as a starting point, and are adjusted for the applied encumbrances ( ) in revenues and expenses. These encumbrance-related adjustments range between -\$3,209,439 in 2021 and -\$10,336,628 in 2026.)
- General Fund balances reported as a percent of total revenues and expenditures provide a comparative analysis for measuring the predictability and stability of key revenue sources and expenditures. For the current year period 2021, the total balance of \$9,652,609 represents 1.2% of total revenue and 1.1% of total expenses in the General Fund. For the last year in the forecasted periods (2026), total General Fund balances are expected to decrease to -\$611,790,627 (-1110.6%). This amount represents -87.4% of total revenue and -71.2% of total expenses. These fund balances fail to meet the established fund balance targets (50.0% of revenues/expenditures) in all of the years of the forecasted period (2021-2026), and are considered inadequate. The projected decrease in fund balance over the forecasted periods of -7170.6% is considered material and may be an indicator of structurally imbalanced budget conditions related to recurring revenues and expenses and use of reserves or other short-term balancing actions.



## Scenario 3B – 10% State Aid Reduction

General (A) Fund   Projection Summary											
Forecast Scenario 3B											
	BUDGET			REVENUE / EXPENDITURE PROJECTIONS							
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>REVENUE</b>											
Local	\$130,278,000	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%	\$130,278,000	0.00%
State	548,713,594	544,050,683	-0.84%	542,373,555	-0.32%	543,288,118	0.17%	540,009,676	-0.60%	540,656,804	0.12%
Federal	1,087,000	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%	1,087,000	0.00%
Transfers / Other	0	0		0		0		0		0	
<b>TOTAL REVENUE</b>	<b>680,078,594</b>	<b>675,458,683</b>	<b>-0.68%</b>	<b>673,738,555</b>	<b>-0.25%</b>	<b>674,653,118</b>	<b>0.14%</b>	<b>671,374,676</b>	<b>-0.48%</b>	<b>672,021,804</b>	<b>0.10%</b>
<b>EXPENDITURES</b>											
Salary and Benefit Costs	436,770,219	450,245,849	3.09%	462,385,607	2.70%	474,944,081	2.72%	487,974,831	2.74%	502,116,875	2.90%
Other	348,654,745	349,610,286	0.27%	348,949,588	-0.19%	352,514,245	1.02%	354,801,670	0.65%	360,164,612	1.51%
<b>TOTAL EXPENDITURES</b>	<b>785,424,964</b>	<b>799,856,135</b>	<b>1.84%</b>	<b>811,335,195</b>	<b>1.44%</b>	<b>827,458,326</b>	<b>1.99%</b>	<b>842,776,501</b>	<b>1.85%</b>	<b>862,281,487</b>	<b>2.31%</b>
<b>SURPLUS / DEFICIT</b>	<b>(165,346,370)</b>	<b>(124,397,452)</b>		<b>(137,596,640)</b>		<b>(152,805,208)</b>		<b>(171,401,825)</b>		<b>(190,259,683)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>82,795,504</b>	<b>(22,550,866)</b>		<b>(148,948,321)</b>		<b>(284,544,961)</b>		<b>(437,368,169)</b>		<b>(608,751,994)</b>	
<b>PROJECTED YEAR END BALANCE</b>	<b>(622,550,895)</b>	<b>(5148,348,321)</b>		<b>(5284,544,961)</b>		<b>(5437,350,169)</b>		<b>(5608,751,994)</b>		<b>(5799,011,677)</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>-2.87%</b>	<b>-18.37%</b>		<b>-35.07%</b>		<b>-52.85%</b>		<b>-72.23%</b>		<b>-92.68%</b>	

General (A) Fund   Revenue Analysis											
Forecast Scenario 3B											
	BUDGET			REVENUE PROJECTIONS							
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>LOCAL</b>											
Property Taxes	\$119,100,000	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%
Other Local Revenue	11,178,000	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%	11,178,000	0.00%
<b>TOTAL LOCAL REVENUE</b>	<b>130,278,000</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>	<b>130,278,000</b>	<b>0.00%</b>
<b>STATE</b>											
Basic Aid	477,943,914	477,943,914	0.00%	477,943,914	0.00%	477,943,914	0.00%	477,943,914	0.00%	477,943,914	0.00%
Other State Revenue	70,769,680	66,149,769	-6.53%	64,429,641	-2.60%	65,344,204	1.42%	62,065,762	-5.02%	62,712,890	1.04%
<b>TOTAL STATE REVENUE</b>	<b>548,713,594</b>	<b>544,093,683</b>	<b>-0.84%</b>	<b>542,373,555</b>	<b>-0.32%</b>	<b>543,288,118</b>	<b>0.17%</b>	<b>540,009,676</b>	<b>-0.60%</b>	<b>540,656,804</b>	<b>0.12%</b>
<b>TOTAL FEDERAL REVENUE</b>	<b>1,087,000</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>1,087,000</b>	<b>0.00%</b>	<b>0</b>	<b>-100.00%</b>
<b>OTHER FINANCING SOURCES</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	
<b>TOTAL REVENUE</b>	<b>680,078,594</b>	<b>675,458,683</b>	<b>-0.68%</b>	<b>673,738,555</b>	<b>-0.25%</b>	<b>674,653,118</b>	<b>0.14%</b>	<b>671,374,676</b>	<b>-0.48%</b>	<b>670,934,804</b>	<b>-0.07%</b>

General (A) Fund   Expenditure Analysis											
Forecast Scenario 3B											
	BUDGET			EXPENDITURE PROJECTIONS							
	2021	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ	2026	%Δ
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>436,770,219</b>	<b>450,245,849</b>	<b>3.09%</b>	<b>462,385,607</b>	<b>2.70%</b>	<b>474,944,081</b>	<b>2.72%</b>	<b>487,974,831</b>	<b>2.74%</b>	<b>502,116,875</b>	<b>2.90%</b>
Equipment and Capital Outlay	553,236	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%	553,236	0.00%
Contractual, Supplies and Other	222,383,009	228,761,299	1.97%	231,215,312	1.96%	235,764,565	1.97%	240,484,803	1.97%	245,137,646	1.97%
Supplies	33,029,689	33,029,687	0.00%	33,030,258	0.00%	33,030,441	0.00%	33,030,835	0.00%	33,030,841	0.00%
Debt Service Principal	2,200,000	3,365,000	50.23%	1,200,000	-63.69%	2,400,000	100.00%	3,600,000	50.00%	1,200,000	-66.67%
Debt Service Interest	2,272,349	2,114,484	-6.95%	1,200,000	-39.47%	1,900,000	-15.83%	1,620,000	50.00%	540,000	-66.67%
Interfund Transfers	80,215,865	83,846,303	4.55%	81,670,782	-2.59%	79,688,003	-2.43%	75,592,696	-5.14%	79,702,690	5.44%
<b>TOTAL ALL OTHER</b>	<b>348,654,745</b>	<b>349,610,289</b>	<b>0.27%</b>	<b>348,949,588</b>	<b>-0.19%</b>	<b>352,514,245</b>	<b>1.02%</b>	<b>354,801,670</b>	<b>0.65%</b>	<b>360,164,612</b>	<b>1.51%</b>
<b>TOTAL EXPENDITURES</b>	<b>785,424,964</b>	<b>799,856,135</b>	<b>1.84%</b>	<b>811,335,195</b>	<b>1.44%</b>	<b>827,458,326</b>	<b>1.99%</b>	<b>842,776,501</b>	<b>1.85%</b>	<b>862,281,487</b>	<b>2.31%</b>

# Financial Forecast Summary - General Fund

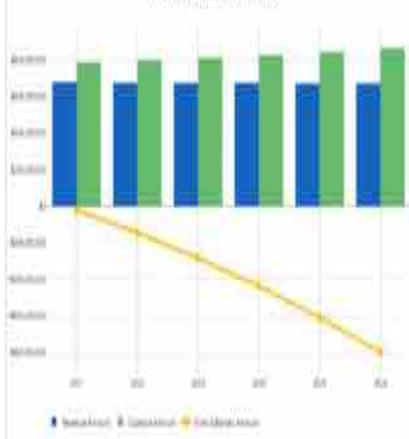
Scenario: Forecast Scenario 3B



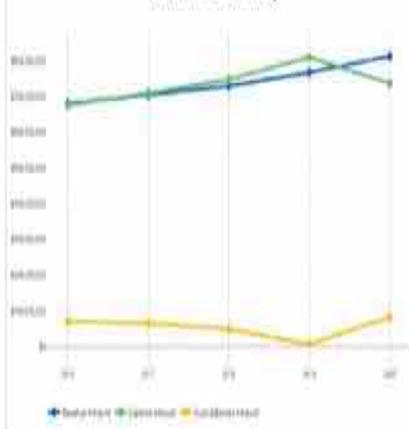
## Summary

- This summary is for the General Fund and covers fiscal year periods 2021-2026.
- For the current fiscal year period 2021, an unfavorable budget condition is expected with expenses exceeding revenues by \$102,130,333. Based on the current year conditions and the assumptions for the forecast periods ending in 2026, the unfavorable conditioned continue with a projected deficit of \$117,050,245 in 2026.
- The cumulative change from the current year and forecasted periods ending in 2026 is a cumulative deficit of \$842,180,553. In order to establish a structurally balanced budget where recurring revenues equal or exceed recurring expenditures over these periods, expenses would need to be reduced by an average of 17.0% for each year without additional revenues.
- Over the past historical periods (2016-2020) an aggregate surplus condition was recognized, with the revenues exceeding the expenses by an average of \$1,028,183, or a 0.7% favorable surplus (as a percentage of expenses). However, some categories were seen year to year including a surplus of \$7,447,500 (10.8% of expenses) in 2017, and a deficit of -\$45,234,700 (-6.0% of revenues) in 2019.
- Based on the assumptions for the forecasted periods (2022-2026), total revenues are expected to also mostly flat with the average yearly decrease of -0.2%. Over the same period total expenses are expected to increase consistently with average yearly increase of 1.0%.
- For the historical periods (2016-2020), total revenues increased consistently with average yearly increase of 4.3%. Total expenses increased by 2.2% per year (on average, with some volatility year to year, including a decrease of -9.0% in 2020 attributed mostly to drops in Personal Services (-6.8%), and Contractual, Supplies and Other (-14.3%), as well as an increase of 6.3% in 2013.
- Based on the assumptions for the current and forecasted periods, total General Fund balances are expected to decrease from -\$19,341,421 in 2021 to -\$779,755,049 in 2026, representing a -3931.0% change. Note: These balance positions are based on the full balance of \$0.70 billion for the last historical period (2020) as of ending 2020, and are adjusted by the applied revenues (-) or revenues and expenses. These assumptions represent gaps between -\$3,201,100 in 2021 and -\$453,248,628 in 2026.
- General Fund balances reported as a percent of total revenues and expenditures provide a comparative method for measuring the predictability and stability of key revenue sources and expenditures. For the current year period 2021, the total balance of -\$19,341,421 represents -0.8% of total revenues and -2.0% of total expenses in the General Fund. For the last year in the forecasted periods (2026), total General Fund balances are expected to decrease to -4779,755,049 (-32.5%). This amount represents -116.0% of total revenues and -90.8% of total expenses. These fund balances fail to meet the established fund balance targets (20.0% of revenues/income) in all of the years of the forecasted period (2021-2026), and are considered inadequate. The projected decrease in fund balances over the forecasted periods of -323.8% is considered material and may be an indicator of structurally imbalanced budget conditions related to recurring revenues and expenses and use of revenues in other fiscal year balancing actions.

Projected Financial Summary



Historical Financial Summary



## RCSD Fiscal Practices

According to the State Comptroller's Office, there are three (3) central themes or goals necessary for fiscal improvement:

1. *Expenditure Reduction*: Recurring reductions in operating expenditures can be achieved through many actions, including more efficient service provision, shared services, or other methods.
2. *Revenue Generation*: Recurring revenue can be generated in a variety of ways, such as generating growth in the municipality's real estate property tax base, increasing the sales tax base, and bringing fees into line with the cost of providing services.
3. *Reserves*: Maintaining a reasonable level of unrestricted fund balances can provide insurance against unanticipated expenditures or revenue shortfalls.

## General Findings

The State Monitor's 42 findings and 55 recommendations have been organized in Tables six (6) through nine (9). Recommendations have been grouped based on the estimated year of implementation and completion over the next three years. After working with staff, listening to district constituents, reviewing documents, and examining student data, the Monitor has identified seven (7) takeaways from these early experiences in the District:

1. RCSD at all levels of the organization should make a long-term commitment to focusing resources on the acceleration of student achievement in the District.
2. RCSD at all levels of the organization should make a long-term commitment to redirect resources away from programs, practices, and partners that have been unable to demonstrate evidence of producing positive outcomes for students. This will be critical in order to make resources available to implement the recommendations contained in this report and priorities identified in the RCSD's Strategic Plan.
3. RCSD should align District resources according to a declining student population.
4. RCSD should make a systemic commitment to adhere to the budget constraints of the District and refrain from a culture of buying now and trying to figure out how to pay for it later.
5. RCSD should adopt a goal to reduce borrowing over the next 5 years.
6. RCSD should optimize all processes related to the collection of money owed to the District.
7. RCSD should demonstrate the courage to examine long-standing beliefs, practices, and structures that may be contributing to the growing budget deficit.

8. RCSD should re-establish the non-negotiable practice of regularly communicating expectations and holding every level of the organization responsible and accountable for student success and financial solvency.

Tables 4-9 look specifically at findings related to fundamental fiscal practices contributing to the current financial state of RCSD and recommendations to improve those practices. Table 10 summarizes the major goals for the improvement plan.

Table 4: Specific Findings and Recommendations from General Fiscal Practices				
NO.	Finding	Type	Recommendation	Evidence of Implementation
1	Fund Balance will be below the amount mandated through Policy 6500.	<b>New State Monitor Finding</b>	Review Fund Balance Policy for modification and approval by April 15, 2021.  Effective June 30, 2021, the District shall adhere to the current Fund Balance Policy by committing to yearly increasing the fund balance.	Monthly financial reports
2	The per-pupil expenditures in the District are high in comparison to other Big 5 school districts. The rising expenditure on students has not resulted in comparative increases in student outcomes.	<b>New State Monitor Finding</b>	The Board and administration shall examine all contracts and programs providing direct service to students for the following: <ul style="list-style-type: none"> <li>▪ Evidence of impact on student outcomes</li> <li>▪ Alignment to the strategic plan</li> <li>▪ Duplication of efforts</li> <li>▪ Cost-effectiveness</li> <li>▪ Feasibility</li> <li>▪ Equity</li> <li>▪ Need</li> <li>▪ Sustainability</li> </ul> Board and administration should refrain from continuing to allocate scarce funds to programs and initiatives that do not meet minimum standards by the District.	Results of frequent benchmarks of student performance, research, student grades
3	Student enrollment has declined, while staffing has continuously increased. This phenomenon suggests the District is	<b>New State Monitor Finding</b>	Provide consistent supports at each school based on an analysis of enrollment data during specified times throughout the school year.	Create a cross-discipline team with members of the human capital, teaching and learning, and the finance departments specifically for the purpose

	<p>overstaffed. Staffing allocation data indicates administrators and teachers are assigned to schools in an inconsistent and inequitable manner.</p>		<p>The District shall use class size guidelines in all schools for staffing/budget development.</p> <p>The District shall develop guidelines based on the documented need for related service providers for budget development.</p> <p>The District shall conduct a comprehensive analysis of current enrollments and staffing in each school and central office by February 1, 2021.</p> <p>Effective immediately, create a cross-discipline team with members of the human capital, teaching and learning, and the finance departments specifically for staffing and budgeting. The team shall ensure:</p> <ol style="list-style-type: none"> <li>1) all staffing and contingent staff requests are in the budget,</li> <li>2) all hired staff are appropriately placed in the District's software program including position control and budget code,</li> <li>3) any modifications to staffing are made in consultation with the team, principal, and chief.</li> </ol> <p>This should help maximize resources and create efficiencies throughout the District while reducing expenses.</p>	<p>of staffing and budgeting by February 2021 and every year thereafter.</p> <p>Develop a process to revisit enrollments and staffing using BEDS data, after each semester and 30 days before the start of school.</p> <p>Communicate staff allocation designations for all collective bargaining unit members on a yearly basis by July 1st.</p> <p>Artifacts may include staffing reports, BEDS data, budget reports</p>
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Table 4: Specific Findings and Recommendations from General Fiscal Practices Continued

NO.	Finding	Type	Recommendation	Evidence of Implementation
4	The underlying culture with many instructional leaders frequently does not take into consideration the District's financial resources and ability to sustain the program.	<b>New State Monitor Finding</b>	<p>Central administration shall provide principals/directors and chiefs with three years of historical data for expenditures by February 1 every year.</p> <p>The District shall commit to the following:</p> <p>1- Hold the principals/directors and their chiefs responsible for their budgets.</p> <p>2- Restrict the number of transfers that an administrator can request during each month.</p> <p>3- Restrict the number of requests for substitutes an administrator can request during each year.</p> <p>4- Restrict the number and usage of P-Cards</p>	Artifacts might include, budgets, financial reports for budget transfers, substitutes, P card usage, agendas.
5	The current financial management software does not provide a comprehensive platform to serve the needs of the District in the areas of finance, human resource, or budget development. When tested for accuracy, the reports have been found to contain erroneous information. The age of the program requires the services of third-party vendors. The outdated functionality of the program requires the development of programs also known as patches by staff to accommodate the needs of the District.	<b>Timbs, OSC, and State Monitor Finding</b>	<p>All three District management systems should be upgraded, with a comprehensive training plan for a cross-functional, interdepartmental team of staff members.</p> <p>A policy shall be adopted committing the District to keep all three systems upgraded.</p> <p>The three vendors, representing the different information management systems shall be expected to work with the District to ensure all three systems are functioning in alignment with each other and that alerts are built into each system to identify conflicting information</p> <p>This will help the District better manage expenses and</p>	<p>Identify a project manager for the implementation of an upgraded financial management system by January 30, 2021.</p> <p>Develop by August 1, 2021, a multi-tiered action plan to implement cross-training using all three management systems</p> <p>1- an upgraded financial management system</p> <p>2- the current student information management system</p> <p>3- an upgraded SWD student information management system</p>

	<p>The current I, student information management system (SIMS) has not been fully implemented. All necessary staff members have not been adequately trained. There is evidence a comprehensive implementation plan was not executed with fidelity for the launch of the system in the District.</p> <p>The current student information management system used for students with disabilities does not align accurately with the financial Management system and the core student information management system.</p> <p>These systems are designed to provide accurate information regarding District, attendance, enrollment, staffing, revenue, and expenditures. Critical controls within the financial management system have been deactivated. Access to the system has been granted to employees in a random fashion. District data is compromised when either one of these systems is not properly serviced by the vendor, not complemented with adequate training, not upgraded, or underfunded.</p>		<p>revenue. Will also increase efficiency in every department in the District.</p>	<p>Implement the action plan beginning July 1, 2022, through July 1, 2024.</p>
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**Table 4: Specific Findings and Recommendations from General Fiscal Practices Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
6	P-Cards and CONCUR are used in the District for Direct Pay transactions. The list of allowable direct pay purchases is extensive. P -Cards and CONCUR purchases are not encumbered in the A Fund of the budget. In many instances funds are expended prior to expenses coming from P Cards and CONCUR.	<b>Timbs, OSC, and State Monitor Finding</b>	<p>Establish a discontinue date for purchasing materials, supplies, books, and equipment.</p> <p>Consolidate as many purchases as possible to a single platform.</p> <p>Monitor the use of P cards on a biweekly basis. Reduce the P-Card users and reduce the credit limit on each card.</p> <p>Retrain all current holders of P-Cards.</p> <p>Hold P-Card holders and their supervisors accountable.</p> <p>This recommendation should improve the management of expenses.</p>	<p>Effective immediately, spending on materials, supplies, curricular materials, and equipment should cease on February 15th of each year</p> <p>Artifacts may also include p-card usage reports, monthly statements, and Concur reports.</p>
7	It was unclear how staff are held accountable for errors and abuses of CONCUR or P-Cards. P-Card usage continued despite a directive from the superintendent to suspend usage except for critical need purchases related to the Pandemic.	<b>State Monitor</b>	<p>The Finance Department should review the Direct Pay list for reducing the expenditures allowable for Direct Pay. Progressive discipline should be implemented for staff members who violate protocols or policies for Direct Pay.</p> <p>Hold staff accountable for the proper use of the Concur system and P-Cards.</p> <p>This recommendation should improve the management of expenses.</p>	<p>Chiefs shall receive monthly reports identifying violators of Direct Pay procedures beginning February 15, 2021.</p> <p>A progressive discipline protocol should be established and shared with the cabinet for pending implementation by January 15, 2021.</p>

Table 4: Specific Findings and Recommendations from General Fiscal Practices Continued

NO.	Finding	Type	Recommendation	Evidence of Implementation
8	During the month of October, RCSD continues to process invoices from the previous school year. District leaders are also allowed to continue purchasing into the last month of the year.	<b>Modified Timbs Report Finding 2019</b>	<p>Spending on materials, equipment, books, and supplies should end on February 15th, every year.</p> <p>All spending after the 15th of February should require a signed approval from the requestor and the appropriate chief</p> <p>Help the District manage expenses.</p>	Artifacts might include a review of expense accounts.
9	RCSD Policy 8600 is not being executed with fidelity. The RCSD Department of Special Education is assigned the overall responsibility for implementing, directing, and maintaining the third-party billing process to seek Medicaid reimbursement for health-related services. They are also responsible for implementing an effective compliance program which includes the following attributes: <ol style="list-style-type: none"> <li>1. Written Superintendent Regulations are required to provide guidance, reporting, attestation, certification to the state, investigations, and resolution processes associated with the Medicaid activities.</li> <li>2. A Medicaid compliance officer is to be designated to report directly to the senior</li> </ol>	<b>New State Monitor Finding</b>	<p>Effective immediately District shall initiate full implementation of Policy 8600.</p> <p>Help increase revenue for the District.</p>	Artifacts might include Superintendent Regulations are required to provide guidance, reporting, attestation, certification to the state, investigations, and resolution processes associated with the Medicaid activities

<p>administrator regarding this program. 3. Regular Medicaid training for RCSD employees must exist.</p> <p>4. A confidential disclosure mechanism must exist to enable anonymous reporting.</p> <p>5. Procedures must support non-intimidation and non-retaliation for good faith reporting.</p> <p>6. A process to assure fair enforcement and ramifications for non-compliant behavior or failure to report non-compliance must exist.</p> <p>7. A process is to be defined and enacted to resolve non-compliance and assure prevention of non-compliance.</p> <p>8. Compliance risks based on regular provider types' evaluations are to be regularly assessed.</p> <p>Activities are to be implemented and documented to manage those risks.</p> <p>The Medicaid Compliance Officer shall provide a report to the Board of Education at least annually. There is no Board record since 2013 that any Medicaid Compliance Officer has provided a report to the RCSD Board.</p>			
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Table 4: Specific Findings and Recommendations from General Fiscal Practices Continued

NO.	Finding	Type	Recommendation	Evidence of Implementation
10	Cabinet members are not informed of the implications of collective bargaining agreements until the conclusion of negotiations. Cabinet members should help create negotiating strategies.	<b>New State Monitor Finding</b>	<p>A protocol shall be established to ensure cabinet members are knowledgeable of contracts, memorandums of agreements, and memorandums of understanding on a regular basis. This will increase the cabinet's capacity to be good financial stewards of the District. It will also increase cross-functional knowledge of cabinet members and reduce the silo management approach commonly witnessed throughout the District. New MOAs and MOUs could follow a process of reviewing similar position Management Action Form (PMAF).</p> <p>Help the District manage expenses.</p>	A protocol shall be implemented to ensure cabinet members are knowledgeable of contracts, memorandums of agreement, and memorandums of understanding by January 31, 2021.
11	Information representing millions of dollars of services for students are not presented to the board for deliberation or approval. RCSD received \$13,528,458 in Title I, Part A funding for supplemental academic services. There is no evidence the Board has been informed on how this sum of money, approved within the Consolidated Application for the 2020/21 school year, will be allocated or spent.	<b>Updated Distinguished Educator Finding</b>	<p>The District should adopt a policy informing the Board of grants awarded to the District, including the following:</p> <ul style="list-style-type: none"> <li>▪ Purpose</li> <li>▪ Amount</li> <li>▪ Duration</li> <li>▪ Scope of Work</li> <li>▪ Outcomes</li> <li>▪ Alignment to District Priorities</li> <li>▪ Staff Oversight</li> </ul> <p>help support the management of District revenue and expenses.</p>	Effective July 1, 2021, a policy shall be established and approved by the Board for implementation by the administration.

**Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit**

<b>NO.</b>	<b>Finding</b>	<b>Type</b>	<b>Recommendation</b>	<b>Evidence of Implementation</b>
12	Plans, initiatives, and programs are often initiated by the District but are not executed long enough to measure results. This may be due to the high turnover rate of superintendents and other key leadership positions throughout the District.	<b>New State Monitor Finding</b>	District priorities, goals, and major initiatives are sustained through the life of the RCSD Strategic Plan unless officially modified through a majority Board action. A multi-year commitment to the academic and financial plans will force any new leaders entering the organization to commit to the District plans. This will diminish the “new leader fatigue” and allow staff the opportunity to commit to the goals of the plan regardless of any changes in leadership.	District priorities, goals, and major initiatives are sustained through the life of the RCSD Strategic Plan unless officially modified through a majority Board action. This will be effective immediately following the RCSD Board of NY State Commissioner’s approval.
13	Student to teacher ratios and student to administrator ratios average significantly below contractual ratios and ratios similar districts across the state. This phenomenon continues as student enrollment continues to decline.	<b>New State Monitor Finding</b>	Effective immediately: 1) Adhere to contract staffing ratios.  2) Increase enrollment at RCSD schools by increasing achievement and providing programs that meet the needs and interests of students and their families.  3) Initiate a campaign to compete with charter schools for students.  Help support the management of revenue.	Artifacts might include staffing reports, master schedules, student attendance rosters, School and district promotion materials
14	RCSD continues to have more receivership schools than any other school district in New York State.	<b>Updated Distinguished Educator Finding</b>	Effective July 2021, Superintendent should exercise all powers allowed under Education Law 211.f and Commissioner’s Regulations 100.19.	Implementation of the laws and regulations should be examined with an intent to exercise the powers of the superintendent by July 2021.

Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit Continued				
NO.	Finding	Type	Recommendation	Evidence of Implementation
15	The RCSD School Board goals have been approved. They are as follows; 1) Improve the financial condition of RCSD, 2) Increase academic achievement, and 3) Equity. How these goals will be defined, achieved, monitored, or measured has yet to be determined by the RCSD School Board.	<b>Updated Distinguished Educator Finding</b>	The Board should adhere to all Board goals.	Artifacts might include Board agendas, minutes, district dashboards, board presentations, Superintendent evaluation materials.
16	Although it is considered a best practice for school board decisions to be based on data and deliberation, the RCSD Budget Book is a lengthy, cumbersome document that includes a significant amount of information that has been altered since its original approval. It is not user-friendly and therefore makes it difficult for Commissioners and the public to align subsequent expenditures, referenced in resolutions, to the approved 20/21 school budget.	<b>Updated Distinguished Educator Finding</b>	<p>Require the proposed budget to reflect previous expenditures and do not allow all funding to be placed in one or two accounts for transferring throughout the year. This will help control the movement of money between budget codes after the budget has been approved and restrict the number of transfers that an administrator can request.</p> <p>Establish a Budget Transfer Policy, including specific guidelines for the frequency and amount of budget transfers. The policy shall require transfers to be approved for appropriate amounts and approved at different administrative levels.</p> <p>Help support the management of district expenses.</p>	<p>An RCSD Budget Transfer Policy shall be approved by the Board no later than September 15, 2021.</p> <p>Effective immediately, a report documenting all budget transfers shall be submitted to the Board and the State Monitor on a monthly basis at the Finance Committee meetings.</p>

**Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit Continued**

**Commented [1]:** 18 is a duplicate of 12, remove and reformat

NO.	Finding	Type	Recommendation	Evidence of Implementation
17	<p>There has been little evidence of discussion, analysis, or benchmarking for the funding supporting the work of the Department of Operations. The Capital Project Budget is over 71MM. A regular analysis is currently not conducted and communicated to the administration or the Board of these multi-year projects.</p>	<p><b>New State Monitor Finding</b></p>	<p>Effective July 1, 2021 administration shall include reports benchmarking the use of H and K funds in CFO reports during the Finance Committee of the Whole meetings (COW).</p> <p>Effective August 2022, the administration shall develop a process for benchmarking and reporting performance based on Key Performance Indicators (KPI)s for Food Service, Maintenance and Operations, Safety and Security, and Transportation similar to selected indicators funded through the Council of Greater City Schools publication Managing For Results in America’s Great City Schools.</p> <p>Prior to January 31, 2021, reassess Facilities Modernization Plans with District Leadership from Operations and Teaching and Learning to determine fiscal and academic implications for the District.</p>	<p>Artifacts of evidence might include FCOW meeting agendas, financial reports, and statements.</p> <p>The administration shall present to the Board the benchmarking process to be used to measure performance for maintenance, operations, and security by September 2022.</p> <p>The administration should present to the Board the status of the Facilities Modernization Plan, including fiscal and academic implications for the District by April 2021.</p>

**Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit Continued**

<b>NO.</b>	<b>Finding</b>	<b>Type</b>	<b>Recommendation</b>	<b>Evidence of Implementation</b>
18	<p>A review of contract requests indicates a significant number of errors and omissions on contract request forms submitted to legal counsel for review prior to final contract development. Conflicting and missing fee amounts; vague and missing evaluations, vague and missing scopes of work, and missing deliverables result in a long and laborious workflow.</p>	<p><b>New State Monitor Finding</b></p>	<p>Effective July 1, 2021, review the contract request process with chiefs, directors, and school administration. Develop a mandatory mini-training online to support staff with the contract request process. Hold staff accountable for adhering to the guidelines.</p> <p>Updating the current financial management system should make this process more efficient.</p> <p>Hold all parties accountable for adhering to the guidelines for requesting and approving contracts.</p>	<p>The process should begin immediately.</p> <p>The Office of the District Auditor General should conduct a mini audit of the workflow for contract development at least twice a year.</p> <p>Random preview of contracts by the State Monitor prior to arrival to legal counsel on a monthly basis</p>

**Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit Continued**

<b>NO.</b>	<b>Finding</b>	<b>Type</b>	<b>Recommendation</b>	<b>Evidence of Implementation</b>
19	<p>The Board convenes monthly for a business meeting. There are six committees: Audit, Governance, Policy, Excellence in Student Achievement, Community and Intergovernmental Relations, and Finance. A Bylaw amendment restored the Excellence in Student Achievement Committee. Since the DE's departure, the committee meetings have been changed to committees of the whole, attended by all board members. Although this increases the number of meetings per month, it has facilitated the active engagement of all members of the board in the work of the District. To reduce the number of meeting nights, some committees meet on the same night.</p>	<p align="center"><b>Updated Distinguished Educator Finding</b></p>	<p>The Board should review this practice yearly to measure to what degree Board goals were met or surpassed.</p>	<p>Artifacts might include Board evaluations, self-assessments, and Board commissioner interviews.</p>

20	Most resolutions that are presented to the board do not include a cost analysis to help the Board determine the financial implications of the actions being requested in resolutions.	<b>State Monitor Finding</b>	<p>Effective immediately, all contracts and resolutions with a financial obligation for the District should include evaluations and cost analysis.</p> <p>Hold staff accountable for compliance with this protocol.</p> <p>This will support the decision-making process for the Board.</p>	<p>All contracts and resolutions with a financial obligation for the District should include evaluations and cost analysis. This will support the decision-making process for the Board. This should start immediately and continue indefinitely.</p> <p>Artifacts might include contracts and resolutions.</p>
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**Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit Continued**

<b>NO.</b>	<b>Finding</b>	<b>Type</b>	<b>Recommendation</b>	<b>Evidence of Implementation</b>
21	Vaguely written resolutions hinder the Board and the public's capacity to understand the financial or academic implications of the action requested through the resolution. During a meeting to prepare for the Finance Committee meeting, it was discovered the District was being asked to consider a lease agreement that would only have the tenant pay for utilities and maintenance. The tenant would have leased the space rent-free	<b>State Monitor Finding</b>	<p>Effective immediately, all contracts and resolutions with a financial obligation for the District, over \$25,000 should include evaluations and cost analysis. This will support the decision-making process for the Board.</p> <p>Effective immediately, all contracts and resolutions should be written in a manner that provides ample information and clearly specifies the requested action of the Board.</p> <p>Effective immediately, all resolutions should include references to any other related Board actions.</p> <p>Board members should be encouraged to ask questions at committee meetings and through the Board, Question Log to gain greater understanding prior to voting on a resolution.</p>	<p>All contracts and resolutions with a financial obligation for the District over \$25,000, should include evaluations and cost analysis. This will support the decision-making process for the Board. This should start immediately and continue indefinitely.</p> <p>Artifacts might include contracts, committee agendas, committee minutes, question logs, and resolutions.</p>

Table 6: Legal Findings and Recommendations from Financial Audit

NO.	Finding	Type	Recommendation	Evidence of Implementation
22	<p>Legal Counsel negotiates Memorandums of Agreement (MOA) and Memorandums of Understanding (MOU) without administration, particularly the Department of Finance. This negatively impacts the Finance Department and collective bargaining unit members. The lack of communication and collaboration hinders the Finance Department from ensuring the funding has been allocated. In an instance discovered in October 2020 and MOA resulted in a search for \$400,000 above the budgeted amount from the approved 20/21 District budget.</p>	<p><b>State Monitor Finding</b></p>	<p>All MOAs and MOUs for collective bargaining units should be negotiated by a team including the Chief of HR, the Chief of Finance, Chief of Information, Management &amp; Technology (IMT), or their designees. The negotiated agreement or contract should then be forwarded to legal counsel for a final review.</p> <p>Help support the management of district revenue and expenses.</p>	<p>The approval process should be ready for presentation to the executive cabinet by January 31, 2021</p> <p>The revised protocol for negotiating contracts shall be ready for implementation beginning February 2021.</p> <p>Artifacts may include attendance at negotiations, contracts, MOAs, and MOUs.</p>

**Table 6: Legal Findings and Recommendations from Financial Audit  
Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
23	<p>Legal Counsel provides inadequate communication to District administration about MOAs and MOUs. An MOA with one bargaining unit, involving 6, 4 employees resulted in those employees working prior to a notification to the Payroll department. The Payroll department was notified two days prior to the deadline for payroll entry. The proper procedure of generating a Position Action Management hard-working for the positions was delayed resulting in a delay in payment. Late notification of MOAs and MOUs that involve payroll forces staff to default to a manual process. This increases the time to complete the task and increases the risk of error.</p>	<p align="center"><b>State Monitor Finding</b></p>	<p>RCSD Negotiating Team should be established by February 2021.</p> <p>All MOAs and MOUs for collective bargaining units should be negotiated by a team including the Chief of HR, the Chief of Finance, Chief of Information, Management &amp; Technology (IMT), or their designees. The negotiated agreement or contract should then be forwarded to legal counsel for a final review.</p>	<p>The review of all MOAs and MOUs should occur as an agenda item for the executive cabinet, effectively immediately.</p> <p>All MOAs and MOUs related to any of the collective bargaining units should become an agenda item at the HR Committee of the Whole, effectively immediately.</p> <p>All MOAs and MOUs that have an impact on the teaching and learning process and the District finances should be presented to the cabinet and the Board for review, effective immediately.</p>
24	<p>Legal, Superintendent's Office, Finance Dept., nor the Board have all MOUS cataloged. When the state monitor requested all MOUs and MOAs, 201 MOUs and MOAs were generated since 2015</p>	<p align="center"><b>State Monitor Finding</b></p>	<p>Effective immediately, the review of all MOAs and MOUs should occur as an agenda item for the executive cabinet. MOAs and MOUs related to any of the collective bargaining units should become an agenda item at the HR Committee of the Whole. This process should start with reviewing past agreements resulting in any financial obligation for the District.</p>	<p>The review of all MOAs and MOUs should occur as an agenda item for the executive cabinet, effectively immediately.</p> <p>All MOAs and MOUs related to any of the collective bargaining units should become an agenda item at the HR Committee of the Whole, effectively immediately.</p>

			<p>This will help with managing expenses.</p>	<p>All MOAs and MOUs that have an impact on the teaching and learning process and the District finances should be presented to the Board for discussion, effective immediately.</p> <p>All MOAs and MOUs should be negotiated by administrators selected by the Superintendent to serve on the Superintendent's negotiation team</p> <p>The State Monitor should attend or receive minutes from all RCSD negotiation meetings, effective immediately.</p>
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**Table 7: Budget Development Findings and Recommendations from  
Financial Audit**

NO.	Finding	Type	Recommendation	Evidence of Implementation
25	<p>There has been clear and proven evidence of the over budgeting of certain revenues and the under budgeting of certain expenditures. Concurrently, RSCD has not embraced nor instituted a culture of disciplined spending which exacerbates the deterioration of the District's fiscal stability.</p>	<p><b>State Monitor Finding</b></p>	<p>Train school and district leaders on best practices in finance and budgeting, during the 21/22 school year.</p> <p>Require the proposed budget to reflect previous expenditures and do not allow all funding to be placed in one or two accounts for transferring throughout the year. This will help control the movement of money between budget codes after the budget has been approved and restrict the number of transfers that an administrator can request.</p> <p>Establish a Budget Transfer Policy. The policy shall include a standard operating procedure for budget transfers. The policy shall require transfers to be approved for appropriate amounts and approved at different administrative levels.</p> <p>Consolidate and upgrade the financial management systems, including training.</p> <p>Help support the management of district revenue and expenses.</p>	<p>An RCSD Budget Transfer Policy shall be approved by the Board no later than September 2021.</p> <p>Effective immediately, a report documenting all budget transfers shall be submitted to the Board and the State Monitor on a monthly basis at the Finance Committee meetings</p>

<p>26</p>	<p>Current budget development protocols, accountability standards, and expectations do not result in sound budget forecasts for subsequent budgets. Evidence and testimonials suggest each year the budget process is managed in a frenzy at the end of the budget development cycle to balance and present a budget to the board, and then to the City Council, for acceptance and approval. This lends to the misalignment of budget expenditures to program priorities, calculation mistakes, and the omission of required programs and staff after the budget is approved. Principals reported less input into the budget development process for the 20/21 school year than in previous years</p>	<p><b>State Monitor Finding</b></p>	<p>Update budget development processes and timelines to produce reasonably sound budget forecasts. The earlier start date will allow the District ample time to deliberate using historical data and trending analysis. The earlier start date will provide more time for stakeholder engagement in the budget development process.</p>	<p>The budget development process will begin in November of each year.</p> <p>Develop a multi-year schedule for the review of the alignment of departments, programs and initiatives with the strategic plan.</p> <p>Provide per-pupil allocations for each level of school for an agreed-upon group of expenditures.</p> <p>Effective October 2021, the administration will be provided with the following tools on a monthly basis to make school and department leaders more accountable for the funds being spent from their budgets:</p> <ul style="list-style-type: none"> <li>▪ Available Funds Report</li> <li>▪ Budget Transfer Report</li> <li>▪ Confirming Order Report</li> <li>▪ Staffing Template</li> <li>▪ Open PO Report</li> <li>▪ Substitute Utilization Report</li> <li>▪ Overtime and Regular Time Extended Report (bi-weekly)</li> <li>▪ P-Card Utilization Report</li> </ul> <p>State Monitor will also review the above-listed reports.</p>
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**Table 7: Budget Development Findings and Recommendations from  
Financial Audit Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
27	Utilization of trend analysis to study, determine and project appropriate estimates of both expenditures and revenues is not a common practice in the budget development process. Projections for data such as enrollment, expenditures, and revenue are presented based solely on statistical algorithms	<b>State Monitor Finding</b>	<p>Update budget development processes and timelines to produce reasonably sound budget forecasts. The earlier start date will allow the District ample time to deliberate using historical data and trending analysis. The earlier start date will provide more time for stakeholder engagement in the budget development process.</p> <p>Utilize projections included in this plan to conduct trend analysis at a more granular level in each department and school.</p> <p>Help support the management of district revenue and expenses.</p>	<p>The budget development process will begin in November of each year.</p> <p>Develop a multi-year schedule for the review of the alignment of departments, programs, and initiatives with the strategic plan.</p> <p>Provide per-pupil allocations for each level of school for an agreed-upon group of expenditures.</p> <p>Effective immediately, administration will be provided access to the following tools on a monthly basis to make school and</p> <p>Department leaders more accountable for the funds being spent from their budgets:</p> <ul style="list-style-type: none"> <li>▪ Available Funds Report</li> <li>▪ Budget Transfer Report</li> <li>▪ Confirming Order Report</li> <li>▪ Staffing Template</li> <li>▪ Open PO Report</li> <li>▪ Substitute Utilization Report</li> <li>▪ Overtime and Regular Time Extended Report (bi-weekly)</li> <li>▪ P-Card Utilization Report</li> </ul> <p>State Monitor will also review the above-listed reports.</p>

<p>28</p>	<p>The District has deviated from the Uniform Code System as defined by New York State for Account Codes. By doing so, the District runs the risk of not properly aligning certain expenditures with possible offsetting revenues. In addition, not using standard codes requires the expenditure of time, labor, and money to convert district codes to standard NY state account codes for state reporting purposes, like Transparency and ESSA Reports.</p> <p>At year-end, some programs and accounts have negative balances</p>	<p><b>Previous OSC and Timbs Findings</b></p>	<p>Budget codes must reflect intended expenditures. They are not intended to hold funds for future transfers to cover accounts that have not been budgeted. All accounts must be reconciled to have a zero or positive balance at year-end.</p> <p>The District will transition all budget codes to the Uniform Code System by June 1, 2021.</p>	<p>All unused budget codes should be eliminated by July 1, 2024.</p> <p>The practice of recording negative dollar amounts in account codes should cease by July 1, 2021.</p> <p>The District will transition to the standard Uniform Code System, as documented by the New York State Comptroller's Office by July 2024.</p>
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**Table 8: Organization Structure and Internal Operational Efficiency  
Findings and Recommendations from Financial Audit**

NO.	Finding	Type	Recommendation	Evidence of Implementation
29	<p>Many RCSD Board policies have not been reviewed or updated. An excerpt from the minutes of the Policy Committee of the Whole scheduled on June 2, 2020, indicated the committee would be focusing on the Code of Conduct, the Student Attendance Policy, the Purchasing Policy, AIS Compensatory services as well as the Student Data Policy for review and update. General Counsel called attention to policies that may not have been updated in several years and that the Committee would eventually be reviewing as well for potential updates</p>	<p><b>State Monitor Finding</b></p>	<p>District administration and the Board should collaborate to develop and implement a process for regularly reviewing all District policies. This process should be established and implementation should start by January 1, 2021.</p> <p>Help support the management of district revenue and expenses.</p>	<p>Artifacts might include Board policies, agendas, policy review calendar</p>

**Table 8: Organization Structure and Internal Operational Efficiency Findings and Recommendations from Financial Audit Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
30	<p>There is a lack of evidence Policy 6700R is being executed with fidelity. The Board of Education shall require the Chief Legal Counsel to provide quarterly reports on any contracts for goods and services issued under \$35,000. These reports shall include the name of the vendor, length of the contract, date contract was signed, amount of the contract, brief description of the services to be provided, and verification that the contract was reviewed by the Department of Law and executed by the Superintendent. All budget, finance, and information technology resolutions will go before the Finance Committee for their review and action before being submitted to the full Board of Education at a business or special meeting for its approval. In order to adhere to this policy, all contracts must proceed through the same workflow process. Currently, the legal department does not receive or review all district contracts.</p>	<p><b>State Monitor Finding</b></p>	<p>Effective immediately, the District should initiate full implementation of Policy 6700R.</p> <p>Help support the management of district expenses.</p>	<p>Artifacts may include quarterly reports of contracts issued under \$35,000 shared with the Board.</p>

**Table 8: Organization Structure and Internal Operational Efficiency Findings and Recommendations from Financial Audit Continued**

<b>NO.</b>	<b>Finding</b>	<b>Type</b>	<b>Recommendation</b>	<b>Evidence of Implementation</b>
31	<p>There is a lack of evidence Policy 6110 is being executed with fidelity. To assist in budget and long-range planning, ongoing evaluations of the district's educational programs will include estimates of the fiscal implications of each program and the effectiveness of these programs over time. The superintendent's proposed budget must include the most recent program evaluation results, which should determine continued funding for existing programs. The superintendent, in conjunction with the Chief Financial Officer, will develop a multiyear long-range plan, including plans for budget presentation in both a program-based and school unit format. It will be reviewed annually with the Board of Education as part of the budget process beginning with the 2006-2007 budget process.</p>	<p><b>State Monitor Finding</b></p>	<p>Effective immediately, the District should initiate full implementation of Policy 6110R.</p>	<p>Artifacts might include evaluations of programs, asset maps.</p>

**Table 8: Organization Structure and Internal Operational Efficiency  
Findings and Recommendations from Financial Audit Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
32	<p>There is a lack of evidence Policy 6700 is being executed with fidelity. Competitive bids or quotations shall be solicited in connection with purchases pursuant to law. The General Municipal Law requires that purchase contracts for materials, equipment, and supplies involving an estimated annual expenditure exceeding \$20,000 and public work contracts involving an expenditure of more than \$35,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids. Similar procurements to be made in a fiscal year will be grouped together for the purpose of determining whether a particular item must be bid.</p> <p>A fair and equitable process for administering similar procurements made across multiple schools within a fiscal year has not been developed.</p>	State Monitor Finding	<p>Effective immediately, the District should initiate full implementation of Policy 6700.</p> <p>This will help manage district expenses.</p>	<p>Artifacts might include a log of RFPs, public notices, bids, responses to bids, SOP for the bidding process.</p>

**Table 8: Organization Structure and Internal Operational Efficiency  
Findings and Recommendations from Financial Audit Continued**

NO.	Finding	Type	Recommendation	Evidence of Implementation
33	Reports indicate significant discrepancies in documentation from service providers serving students with disabilities. This has an impact on the District's ability to claim reimbursements.	<b>State Monitor Finding</b>	<p>Effective by January 2021, require, monitor, and enforce that all service providers document in the IEP Direct RS Service log all services provided and events preventing the delivery of services within 48 hours of delivery of service.</p> <p>Effective by January 2021, develop and implement a process to effectively monitor related services provided and ensure related services are provided in accordance with student IEPs. Ensure all types of related services are monitored and document monitoring performed.</p> <p>Help support the management of district revenues.</p>	Artifacts might include IEP reports, provider logs, school visitor's logs

**Table 9: Transportation Findings and Recommendations from Financial Audit Findings**

NO.	Finding	Type	Recommendation	Evidence of Implementation
34	RTS transports RCSD students to high schools throughout the city at a cost of approximately 11MM. Part of the cost is due to special routes requested by the District.	<b>State Monitor Finding</b>	Acknowledging the District's need to cut costs, the District should continue efforts to negotiate for a more favorable contract with RTS.	Effective immediately, the administration shall negotiate a more favorable contract with the Rochester Transit System.
35	Managed Choice Policy affords students the opportunity to attend schools outside of their neighborhood. One unintended consequence of this long-standing district policy is an increased need for transportation.	<b>State Monitor Finding</b>	Review the Managed Choice Policy for possible modification, restoration, or elimination.	<p>Create a task force to review previous reports and analyze current outcomes by December 30, 2020.</p> <p>Survey parents to determine what they would need for their children to attend their neighborhood school and their involvement with managed choice, by March 15, 2021.</p> <p>Conduct virtual focus groups of parents to determine what they would need for their children to attend their neighborhood school and their involvement with managed choice by June 30, 2021.</p> <p>Find multiple strategies for meeting the needs of families identified through the survey by September 30, 2021.</p> <p>Create a report to present to the Board during a work session. A decision should be established to determine if the Managed Choice Policy should remain the same, be modified, or eliminated by January 31, 2022.</p>

36	<p>Transportation costs emanate from two general sources, general education and special education. Transportation services are generated by information included on IEPs during annual review meetings. The level of monitoring and supervision of IEP meetings may contribute to the rising costs associated with transportation.</p>	<p><b>State Monitor Finding</b></p>	<p>Effective immediately the District should initiate the following:  1- A review of the services and accommodations written on IEPs, particularly the need for transportation.  2- Consider renegotiating all contracts with transportation vendors.  Help support the management of district expenses.</p>	<p>Artifacts might include contracts, monthly transportation reports, IEPs,</p>
37	<p>According to the Office of the State Comptroller, the District has underestimated the Charter School expenditures by 1.5MM.</p>		<p>Make sure there is adequate staff, well trained to manage the processes for enrollment and tuition at the charter schools.  Make sure staff have the proper tools to manage records for tuition and enrollment at charter schools.  Make sure there is alignment with the processes for enrollment and tuition for special education students at charter schools.  Transition all food service responsibilities to charter schools.  Confirm with SED to maximum enrollment allowed at each charter school, to insure against paying for students above the state allowed enrollment.  Confirm the residency of each student enrolled at the charter schools to ensure all students live in Rochester. RCSD is not required to pay tuition for students attending charter schools who are nonresidents of Rochester.  Establish an invoicing procedure that provides the information needed by RCSD in a format that is</p>	<p>These processes should be established by September 2021.  Artifacts might include a new invoicing system, enrollment reports</p>

			conducive to RCSD operations.	
38	There is no evidence of periodic review of long-range financial planning.	<b>State Monitor Finding</b>	Annually, by September 1 each year, the District shall submit to the monitor an updated five-year financial plan such that for each school year the annual aggregate operating expenses do not exceed annual aggregate operating revenues and the major operating funds of the District are balanced in accordance with generally accepted accounting principles. The financial plan shall include statements of all estimated revenues, expenditures, and cash flow projections of the District.	Evidence of annual updates shall include a report addressing discrepancies between projected and actual outcomes.
39	The district pays the full price for BOCES services	<b>State Monitor Finding</b>	The district should engage the legislature in discussions to allow the district to be afforded the discounts available to member districts for BOCES services.	Evidence of discussions shall include meeting agendas and minutes.
40	The district has a dependent relationship with the government of Rochester City.	<b>State Monitor Finding</b>	The district should engage the legislature in discussions about opportunities to loosen the district's financial dependency on the city of Rochester.	Evidence of discussions shall include meeting agendas and minutes.

**Table 10: Fiscal Improvement Plan Goals, Strategies, and Board Considerations**

<b>Goals</b>	<b>Recommended Actions for Board Consideration</b>
<b>Potential Strategies for Increasing Revenue</b>	<ol style="list-style-type: none"> <li>1. Increase grant acquisitions</li> <li>2. Better processes for Medicaid and other reimbursements</li> <li>3. Compete for charter school students</li> <li>4. Monitor enrollment data for non-resident students attending RCSD schools</li> <li>5. Shared space with charter schools</li> </ol>
<b>Potential Strategies for Decreasing Expenditures</b>	<ol style="list-style-type: none"> <li>1. Greater employee contributions to health care</li> <li>2. Staff reductions</li> <li>3. Close and consolidate schools</li> <li>4. Review and renegotiate all contracts, particularly transportation</li> <li>5. Outsource selected services</li> <li>6. Appeal for a year-round Virtual Secondary School</li> <li>7. Eliminate all spaces leased by the District</li> <li>8. Minimize the legal requirement services to charters schools</li> </ol>

## Conclusion

The State Monitor believes that the children of the Rochester City School District deserve a school system that makes sure district leaders are good stewards of all district resources. These resources must be used to ensure that teachers are prepared to deliver curriculum and instruction that provides maximum opportunities for students to excel academically, in a learning environment respectful of inclusion and diversity. The district must examine how it has been using its resources and change course. This can be accomplished in earnest by putting children first, and examining the five domains to break the patterns of behavior that have contributed to a pattern of failure.

### Final Thoughts

During the first public hearing, it was noted that staff reductions, building closures, modification of federal funding, and new directives on the use of substitute staff were initiated during the 2019 – 2020 school year. The magnitude of what was to befall the nation and the world was unknown when those tough decisions were enacted. Today, RCSD students have received their instruction through a screen and have done so for the equivalent of half a school year. The draft of a plan shared in this document reflects best estimates, fact sets, and decision-making at a given point in time. This plan, like all plans, is subject to alteration as conditions, such as those manifested by a global pandemic, change and must be updated to correspond with evolving conditions. Three areas will be incorporated into the plan prior to final submission to the Commissioner of Education. The RCSD Capital Improvement Projects (CIP), The RCSD Facilities Modernization Plans (FMP), and the final edition of the RCSD Strategic Plan.

I would like to extend my gratitude to the welcoming and responsive reception I have experienced since working with the staff, parents, and friends of the RCSD. This draft of a plan is designed to be a collaborative effort, therefore, I must thank all who participated by sharing their experiences, knowledge, ideas, data, and wishes for the success of the students served by the District. A special thanks to Superintendent Myers-Small for her steadfast commitment to charting a direction for the District that is responsive to students first. The support provided by CFO, Carleen Pierce, and her team is greatly appreciated. The technical assistance from Michael Vespi and the team at Forecast5 was above and beyond all expectations. There are many hard-working dedicated staff members with the difficult job of providing a great education to the youngest citizens of Rochester. There are also many areas for improvement. Our next steps are to finalize the plan with the Board and submit to the Commissioner. I look forward to our work together on behalf of the students of RCSD.

Respectfully,  
Shelley Jallow, Ed. D.

## APPENDICES

## APPENDIX A: Documents Reviewed by State Monitor

Distinguished Educators' Report (2018)	Review of 2017-2018, 2018-2019, 2019-2020, 2020-2021 Rochester City School District Budgets	RCSD Reopening Schools Plans (2020)	Dr. Elliot (2017) Special Education Report. Elliot (2017)
Sampling of School Comprehensive Plans (2020)	Council of Great City Schools Managing for results report (2019)	Office of the New York State Comptroller, Division of Local Government and School Accountability  School Districts, Accounting and Reporting Manual	Rochester Teachers Contract (2020)
The Status of Latino/Bilingual Secondary Students in Rochester City Schools, Harris (2016)	Office of Comptroller Reports, 2020, 2019	The Children's Agenda Rochester City School Budget, Policy Brief, September 2020	Association of Supervisors and Administrators Contracts (2020)
Progress Report: Budget Development and Administrations	New York State Department of Education CR 154 Corrective Action Plan Quarterly Report, July 30, 2020	Board Agendas, Minutes, and recordings	Cabinet Agendas
An Analysis: Budget Development Administration, R. G. Timbs, Inc., June 2019 Timbs, Inc. September 2018 Timbs, Inc. December 2017	The City of Rochester New York, Comprehensive Annual Financial Report, Year Ended June 30, 2018	Division of Local Government and School Accountability. Rochester City School District, Budgeting and Multiyear Financial Planning, April 2020	Pupil Transportation and Safety Institute, Efficiency of Study Rochester School District, Pupil Transportation Program, Phase I- July 1, 2017 Phase II- December 22, 2017
Maintaining District Priorities, Recommendations to Support the Leadership Transition, December 2015	DCIP 2019 DCIP 2020	CARES Act Funding, Executive Summary 2020	RCSD Strategic Plan, 2020
ROC the Future, Equity & Education Report Card 2020	Memorandum of Agreements and Memorandums of Understanding since 2015	RCSD Board Policies	RCSD, Comprehensive Annual Financial Report, 2019

APPENDIX B: Contextual Reference Material Used By State Monitor

DOCUMENT	LINK
<p>Managing For Results in America’s Great City Schools, RESULTS FROM FISCAL YEAR 2020 Academic Key Performance Indicators, 2020 Report</p>	<p><a href="https://www.cgcs.org/cms/lib/DC00001581/Centricity/domain/35/publication%20docs/Managing%20for%20Results%20in%20Americas%20Great%20City%20Schools%202020.pdf">https://www.cgcs.org/cms/lib/DC00001581/Centricity/domain/35/publication%20docs/Managing%20for%20Results%20in%20Americas%20Great%20City%20Schools%202020.pdf</a></p>
<p>Comprehensive Annual Financial Report</p>	<p><a href="https://www.cityofrochester.gov/cafr/">https://www.cityofrochester.gov/cafr/</a></p>
<p>RCSD 2020-2021 Budget</p>	<p><a href="https://www.rcsdk12.org/budget">https://www.rcsdk12.org/budget</a></p>
<p>Rochester Distinguished Educator REport</p>	<p>1. <a href="http://www.nysed.gov/news/2018/rochester-distinguished-educator-report-84-recommendations-improve-student-learning-and">http://www.nysed.gov/news/2018/rochester-distinguished-educator-report-84-recommendations-improve-student-learning-and</a></p>
<p>2020-2021 Charter School Basic Tuition</p>	<p><a href="https://stateaid.nysed.gov/charter/pdf_docs/charter_2020-2021_rates.pdf">https://stateaid.nysed.gov/charter/pdf_docs/charter_2020-2021_rates.pdf</a></p>
<p>ROCHESTER BOARD OF EDUCATION ACTION PLAN: Response to Distinguished Educator Report (A Review of the Rochester City School District, 11/14/2018) February 6, 2019</p>	<p><a href="https://www.rcsdk12.org/cms/lib/NY01001156/Centricity/Domain/12877/RCSD%20BOE%20Response%202.6.19.pdf#:~:text=action%20step%20lists%20the%20person%28s%29%20responsible%2C%20the%20collaborators,forward%20as%20we%20continue%20to%20engage%20key%20stakeholders.">https://www.rcsdk12.org/cms/lib/NY01001156/Centricity/Domain/12877/RCSD%20BOE%20Response%202.6.19.pdf#:~:text=action%20step%20lists%20the%20person%28s%29%20responsible%2C%20the%20collaborators,forward%20as%20we%20continue%20to%20engage%20key%20stakeholders.</a></p>
<p>RCSD Budgeting and Multiyear Financial Planning</p>	<p><a href="https://www.osc.state.ny.us/files/local-government/audits/pdf/rochester-2020-44.pdf">https://www.osc.state.ny.us/files/local-government/audits/pdf/rochester-2020-44.pdf</a></p>
<p>The Children's Agenda Rochester City School Budget</p>	<p><a href="https://thechildrensagenda.org/wp-content/uploads/2020/04/RCSD-2020-21-Budget-Review-Final-Web.pdf">https://thechildrensagenda.org/wp-content/uploads/2020/04/RCSD-2020-21-Budget-Review-Final-Web.pdf</a></p>
<p>Office of The State Comptroller of New York</p>	<p><a href="https://www.osc.state.ny.us/search?search=rochester%20School%20district">https://www.osc.state.ny.us/search?search=rochester%20School%20district</a></p>