

New State Education Department
State Monitor
Draft Financial Improvement Work Plan
Rochester City School District
FY 2020 - FY 2025



Shelley Jallow Ed. D.

State Monitor

November 2, 2020

Modified November 30, 2021

Table of Contents

Introduction	2
Background Information on the Rochester Schools	2
Organization of the Financial Work Plan	4
Methodology for Data Collection	5
Table 1. Summary of RCSD Interviews Conducted	6
Table 2. Summary of External Stakeholder Meetings	6
Table 3. Summary of Focus Group Meetings	7
Budget Forecast Based on State Aid Reductions	8
Major Revenue Assumptions	9
Major Expenses Assumptions	11
Scenario 1B – 0% State Aid Reduction	12
Scenario 2B – 5% State Aid Reduction	13
Scenario 3B – 10% State Aid Reduction	14
RCSD Fiscal Practices	15
General Findings	15
Table 4: Specific Findings and Recommendations from General Fiscal Practices	16
Table 5: Governance and Programmatic Decision Making Findings and Recommendations from Financial Audit	28
Table 6: Legal Findings and Recommendations from Financial Audit	36
Table 7: Budget Development Findings and Recommendations from Financial Audit	39
Table 8: Organization Structure and Internal Operational Efficiency Findings and Recommendations from Financial Audit	43
Table 9: Transportation Findings and Recommendations from Financial Audit Findings	49
Table 10: Fiscal Improvement Plan Goals, Strategies, and Board Considerations	53
Conclusion	54
APPENDICES	55
APPENDIX A: Documents Reviewed by State Monitor	56
APPENDIX B: Contextual Reference Material Used By State Monitor	57

Introduction

Background Information on the Rochester Schools

The city of Rochester (“the city”) 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 in New York State after New York City and Buffalo. Rochester is in Monroe County. The city is part of a region known for science, technology, research, and development. The University of Rochester, the Rochester Institute for Technology, and notable smaller colleges like St. John Fisher College, also support the city and regional economy.

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 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. However, 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. Thus, while the city accounts for only 28.1% of the population in the county, the city accounts for 61.4% of the county’s people in poverty. The services required by such a disproportionate number of families create a strain on the Rochester City School district (RCSD or “the District”) limited resources.

The RCSD services 23,865 students, including a growing population of 6,866 charter school students. The District’s population is predominantly of students of color, with Black students making up 52%, Hispanic / Latino students 33%, White students 9%, and Asian students 2.6%. In addition, Rochester has seen the growth of Bhutanese, Nepalese, and Sudanese communities, among other immigrant groups, moving to Rochester as part of refugee resettlement programs. RCSD students speak 70 different languages. Three thousand seven hundred sixteen teachers and administrators support students and their families in 55 Pre-K sites, 46 schools, and ten alternative programs.

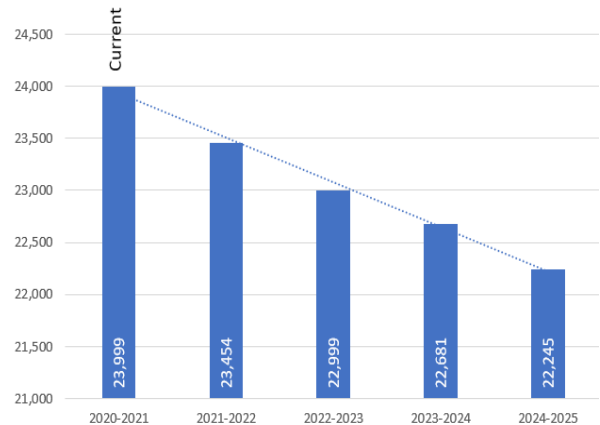
Modifications to the RCSD Financial Plan are focused on four key areas. The first area includes new financial forecasts. The second area comprises new recommendations aligned with selected priority areas within the Coronavirus Response and Relief Supplemental Appropriations (CRSSA) and the American Rescue Plan (ARP) spending plans. The third area of focus includes updated deadlines for adhering to recommendations from the first edition of the plan. Finally, updates to the original RCSD Financial Plan includes new recommendations based on interviews and information gathered through the State Monitor’s participation in RCSD activities and meetings

The financial condition of RCSD is largely driven by state aid and 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	1,959	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	1,950	1,736	1,749	1,689	1,777
5	1,813	1,783	1,587	1,600	1,545
6	1,991	1,773	1,744	1,553	1,565
7	1,942	1,890	1,683	1,656	1,474
8	1,902	1,892	1,841	1,639	1,613
9	2,539	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	-	-	-	-	-
Total K-12	23,996	23,454	22,999	22,681	22,245

* 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 Dr. Lesli Myers-Small, who had been hired as Superintendent before the appointment and arrival of the State Monitor. The 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 the District’s performance. As a result, Chapter 56 of the Laws of 2020 required Interim Commissioner Shannon Tahoe to appoint a Monitor to the RCSD 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 (“the Board”), and the Superintendent. Commissioner Betty Rosa replaced Interim Commissioner Tahoe and has continued to require adherence to and provide support for the implementation of Chapter 56. 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. The Financial Plan developed by the Monitor and the Board started with 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 to finance recurring expenditures.

Organization of the Financial Work Plan

The State Monitor’s Financial Work Plan organization conforms to the *Multi-year Financial Planning Local Government Management Guide* (updated 2017). The work plan considers 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. Thus, this organization coincides with the major elements of a multi-year 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 made 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 made by an object (.e.g., personal services, equipment, contractual services), by program or function (.e.g., public safety, recreation), 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

In each section, (*N*) or (*M*) alongside a recommendation, indicates the following:

- (*N*) – New recommendation
- (*M*) – Modification

Methodology for Data Collection

The Monitor initially took a three-pronged approach to data collection. First, data was originally gathered through actively participating in the daily work activities of central office staff members. Second, purposive sampling was used to identify internal and external individuals 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 (CFO), Chief of Operations, Chief of Human Capital, Auditor General, the two Deputy Superintendents, Chief Academic Officer, and the District Clerk
- Biweekly meetings with staff members in Grants, Special Education, Operations, 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 before 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. Since early June, the State Monitor has actively participated in all Board deliberations twice monthly.

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. In addition, 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	100+	Directors	40+
Deputy Superintendent	100+	Union Leadership	4
Executive Directors	60+	Board of Education Commissioners	15+
Principals	6+	Chiefs	30+
Teachers	4+	Staff (e.g., transportation, academics, technology, special education, accountability, placement, grants, legal, finance)	100+

Table 2. Summary of External Stakeholder Meetings

STAKEHOLDER	NO. MEETINGS	STAKEHOLDER	NO. MEETINGS
Urban League, Dr. Hawkins, CEO	1	Assemblyman Harry Bronson	20
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

STAKEHOLDER	NO. MEETINGS	STAKEHOLDER	NO. MEETINGS
The Children's Agenda, Eamonn Scanlon	2	State Education Development	60
Office of State Comptroller, Dan Winkler, Kim Goerlich	10	Conference of Big 5 School Districts, Jennifer Pyle	20
Regent Norwood	15	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	10	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

In the following chart, focus groups were conducted as recorded.

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

Executive Summary

The Rochester City School District has adopted the following goals for the following plans:

Strategic Plan:

- Supporting the New York State NextGen Standards and Alignment of Curriculum implementation for K-12
- Fortifying social-emotional learning and restorative practices
- Consent Decree Compliance
- NYS Special Education & Bilingual Corrective Action Plans Compliance

Academic Plan:

- Updating Districtwide comprehensive program assessment tools
- Establishing a program evaluation arm to analyze the effectiveness of initiatives
- Align resources to fortify academic priorities
- Professional development

Financial Plan:

- Upgrading the financial management system
- Medicaid reimbursement
- Upgrading special education management system

The long-range financial plan is designed to illustrate what may happen in the future, based on what is known now about cost trends, District obligations, and the political and economic environments. The plan is not a budget. It is separate and distinct from the District's 2021-2022 budget process, which took place last year and culminated in the adoption of the proposed budget by the Board on May 10, 2021. Planning is an imperfect process. The foundations of any long-range plan are the assumptions made to estimate revenue and expenditures in the future. Some revenue and expenditure items are projected forward using a percentage increase based on historical trends, except where an obligation is known to begin or end. The plan starts with the 2021-22 current year budget and includes projections for the 2022-23, 2023-2024, and 2024-2025 fiscal years. As projections continue beyond four years, the estimates are less likely to be accurate and useful to the readers. Therefore, a four-year period was selected for the current plan projections. For simplicity, expenditures were projected at the object code level rather than the functional level.

The results of the plan projection are summarized as follows:

- Budget-to-budget increases are approximately 2.94% (22-23), 2.33%(23-24), and 1.98%(24-25)
- The largest expense increases are in salary and benefits, as would be expected in a labor-intensive organization such as a school district
- Debt service payments are properly aligned with respective building aid

Key Assumptions

Local Revenues

Maintenance of Effort from the City of Rochester remains the same for 17 years.

2401 - Interest and Earnings - This account has slowly been increased as the financial outlook continues to improve and District cash balances continue to increase. As a result, the amount of interest generated will increase as well.

2801 - Inter-fund Revenues - Indirect costs charged back to the general fund. The recurring amount remained the same year-to-year without knowing what grants Rochester CSD would be awarded. However, with the federal stimulus funding, it is (9.7% indirect revenue) assumed \$5M of those funds will be claimed in 2021-2022 and was not entered as 2021-2022 budgeted amounts. So one-time revenues were entered as follows: \$6.7M - 2022-2023; \$6.7M - 2023-2024; and \$1.7M - 2024-2025. These are very conservative amounts compared to the amount the District could claim as indirect (\$27M maximum).

All other local revenues 1315-2770 stay consistent without additional information to warrant a change.

State Aid

3101 - Basic Formula - An analysis was performed using assumptions of future state aid. A 2% increase in Foundation aid was used. Building Aid is computed based on future capital projects known at the date of this report. The excess cost was increased by 2% using the assumption that our AOE (Average Operating Expenditures) will decrease as the District becomes more fiscally responsible and special education costs decrease; this will decrease the floor for the amount at which excess cost starts for any given student. There is also a deduction for building aid adjustment in future years, totaling \$11M.

3101 - Transportation Aid was budgeted at \$18M in 2021-2022 due to the remote learning environment in the 2020-2021 school year. Increases beyond the \$18M/year have been made for future years as the District returns to an in-person instructional environment.

3102 - Lottery Aid was increased a modest .33% without any other data to go upon. People will always use gambling in this state, and it has an inverse relationship to the economy. Our economy appears to be improving; therefore, it is predicted lottery aid will not increase greatly in the future.

3103 - Tuition or Transportation for Students with Disabilities - This aid category decreases with the COVID-19 Pandemic from an original estimate of \$300,000 down to \$50,000 for 2021-2022. This aid category was estimated to return to former levels in 2022-2023 and beyond (\$300,000). Therefore, no increase beyond \$300K can be predicted at this time.

3160 - 3263 - Textbook/hardware/software/library aid categories - These categories are driven by a school's enrollment and allotment per student for each category. These categories have been predicted to stay at a modest .5% increase with the District's initiative to minimize the increase in the number of District students enrolling in charter schools.

Federal Aid

4286 - CARES - This aid category was estimated at \$0 for 2022-2023 and beyond.

4289 - QSCB Federal Subsidy - This aid category will remain constant based on the building aid summary.

4601 - Medicaid Assistance - This code pre-pandemic was \$2.1M. We currently have a budget of \$1.4M in 2021-2022 due to remote learning. Therefore, this code is increased by 10% throughout the forecast, assuming the implementation of the State Monitor's recommendations and improving claiming procedures.

Salaries

Certified salary codes (.12 - .15 account codes {object per Uniform System of Accounts}) are estimated at an increase of 3.61% for years 2023 and beyond; this was the last known average for RTA (Rochester Teachers' Association) tri-borough. Without a settled RTA contract for the period beyond fiscal year-end 6/30/22, this is the best percentage increase to use at this time. As information becomes known in the future, adjustments will be made.

Non-Certified Salary codes (.16 - .19 account codes {object per Uniform System Accounts}) are projected at 3.0%. The BENTE (the union representing support staff) and RAP (Rochester Association of Paraprofessionals) contracts are both estimated at 3.0%, taking average step increases and off-steps increases into consideration.

Substitute line items/Temp Agency use has been decreased 10% each year. An initiative has been put forward to better handle substitute use, and better wages through personal contracts should lower the use and need for temporary agency staff.

IMPORTANT: All salary codes are escalated as if staffing levels will stay the same throughout the forecast years. This cannot be the case, given that the District needs to reduce its footprint and decrease staff. However, this reduction is not taken into consideration in this forecast.

Additionally, \$2,853,764 was added to the non-certified salaries base, as this is the escalation calculated when the BENTE contract was settled. That amount is now built-in and escalated through this model to estimate salaries adequately.

Equipment

Equipment codes (.200s account codes) were kept at a 0% increase (\$214,832)

Contractual

Contractual codes (.400s account codes) all contractual codes were held at a 1.2% increase. The logic behind this decision was based on declining enrollment and the ability to hold some contractual codes constant through budgetary decision-making during the budget process, especially those attached to enrollment.

BOCES (.490 account codes) were increased by 1.06% based on historical data. BOCES (Board of Cooperative Educational Services) has a reputation for maintaining costs and having minimum increases

from year to year. The largest factor among BOCES expenditures is the SPED (special education) population attending self-contained classrooms. If this population goes up significantly, these numbers could change drastically. There is no way to precisely predict if these enrollment numbers will increase or decrease through time. Therefore, only an inflation increase was built into this model, not enrollment changes.

Tuition payments (.470 account codes) are the District's largest line item outside salaries and benefits. The expense is estimated at a 3.0% increase based upon the District's initiative to keep students in-district and lower/hold steady the charter school population.

Transportation costs (5500s function/400 object) are projected to increase 1.36% along with the other contractual codes. This increase in cost was escalated, but no additional transportation aid was calculated. Please note that the District will further examine the Managed Choice policy, which has greatly increased the District's transportation cost throughout the years. This code must decrease for the District to remain fiscally sound and eliminate the structural deficit in future years.

Supplies

Supply codes (.500 account codes) were held at a 1% increase. With declining enrollments, classrooms and other instructional areas should not need more than a 1% increase in supplies from year to year. In addition, as the District reduces its physical footprint, fewer supplies will be needed, which should help offset the increase.

Benefits

Benefit codes were calculated using the Salary and Benefit calculator built into the Forecast software. The used rates were based on salary escalations and the increases in each category. Hospital and dental benefits were increased 3%, as staff should decrease with District initiatives, this should be an appropriate increase. Teacher Retirement System and Employee Retirement System costs were escalated with modest increases but were also increased due to increases in salaries. Other benefits had an immaterial effect on the forecast.

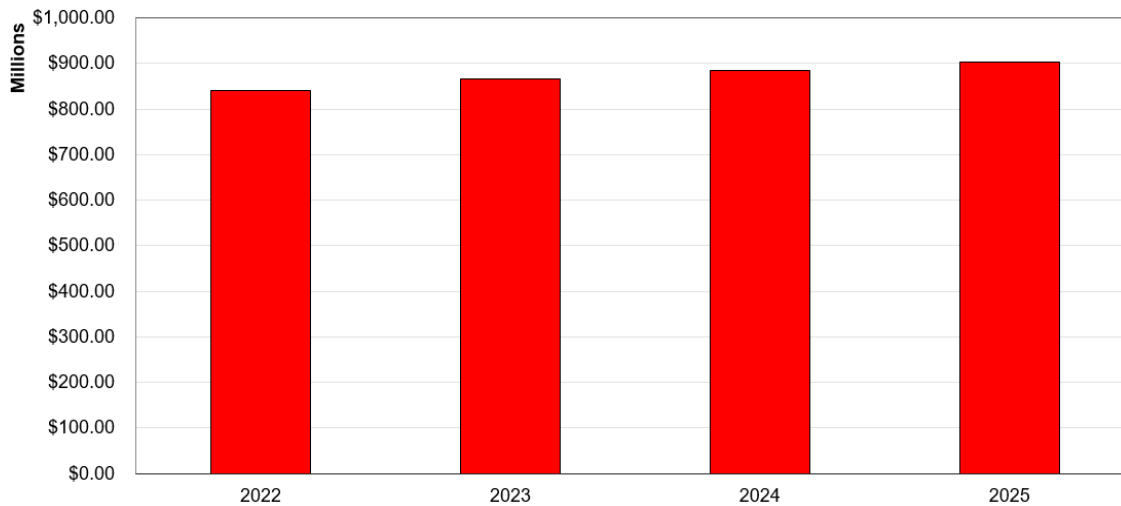
*NOTE: *These budget forecast scenarios contain estimates of revenues and expenditures. The actual results are expected to vary from this forecast. While every effort is made to be as accurate as possible, forecast scenarios are based on assumptions that can change throughout the fiscal year.*

General (A) Fund | Expenditure Forecast

Long Range Forecast

	BUDGET	EXPENDITURE PROJECTIONS					
	2022	2023	%Δ	2024	%Δ	2025	%Δ
Salaries	\$312,017,867	\$321,745,254	3.12%	\$330,535,274	2.73% ▲	\$339,797,605	2.80%
Benefits	151,405,223	161,760,540	6.84%	167,171,829	3.35% ▲	172,774,455	3.35%
TOTAL SALARIES & BENEFITS	463,423,089	483,505,794	4.33%	497,707,104	2.94% ▲	512,572,060	2.99%
Equipment and Capital Outlay	586,228	586,228	0.00%	586,228	0.00% ▲	586,228	0.00%
Contractual, Supplies and Other	255,265,586	261,219,434	2.33%	266,786,955	2.13% ▲	271,899,149	1.92%
Supplies	20,063,088	20,263,750	1.00%	20,466,420	1.00% ▲	20,671,119	1.00%
Debt Service Principal	6,813,000	5,100,000	-25.14%	1,200,000	-76.47% ▲	2,400,000	100.00%
Debt Service Interest	1,074,484	1,932,355	79.84%	895,375	-53.66% ▲	1,395,625	55.87%
Interfund Transfers	93,049,217	92,379,422	-0.72%	97,504,628	5.55% ▲	93,166,371	-4.45%
TOTAL ALL OTHER	376,851,603	381,481,189	1.23%	387,439,606	1.56% ▲	390,118,492	0.69%
TOTAL EXPENDITURES	\$840,274,692	\$864,986,983	2.94%	\$885,146,710	2.33% ▲	\$902,690,552	1.98%

Expenditure Projection

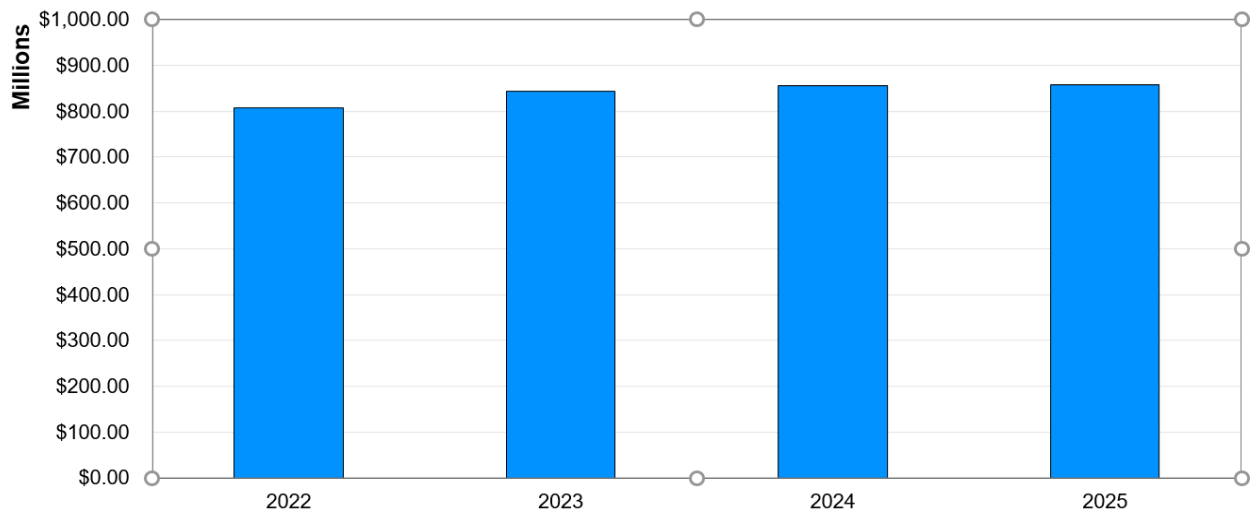


General (A) Fund | Revenue Forecast

Long Range Forecast

	BUDGET		REVENUE PROJECTIONS				
	2022	2023	%Δ	2024	%Δ	2025	%Δ
LOCAL							
Property Taxes	\$119,100,000	\$119,100,000	0.00%	\$119,100,000	0.00%	\$119,100,000	0.00%
Other Local Revenue	10,290,096	17,002,596	65.23%	17,015,096	0.07%	12,025,096	-29.33%
TOTAL LOCAL REVENUE	129,390,096	136,102,596	5.19%	136,115,096	0.01%	131,125,096	-3.67%
STATE							
Basic Aid	559,787,270	526,452,243	-5.95%	466,362,632	-11.41%	411,604,841	-11.74%
Other State Revenue	90,953,065	176,987,525	94.59%	248,491,850	40.40%	311,277,078	25.27%
TOTAL STATE REVENUE	650,740,335	703,439,769	8.10%	714,854,482	1.62%	722,881,919	1.12%
TOTAL FEDERAL REVENUE	27,044,261	3,820,477	-85.87%	3,974,477	4.03%	4,143,877	4.26%
OTHER FINANCING SOURCES	0	0		0		0	
TOTAL REVENUE	\$807,174,692	\$843,362,842	4.48%	\$854,944,055	1.37%	\$858,150,892	0.38%

Revenue Projection



General (A) Fund | 4 Year Fund Balance Projection Summary

Long Range Forecast

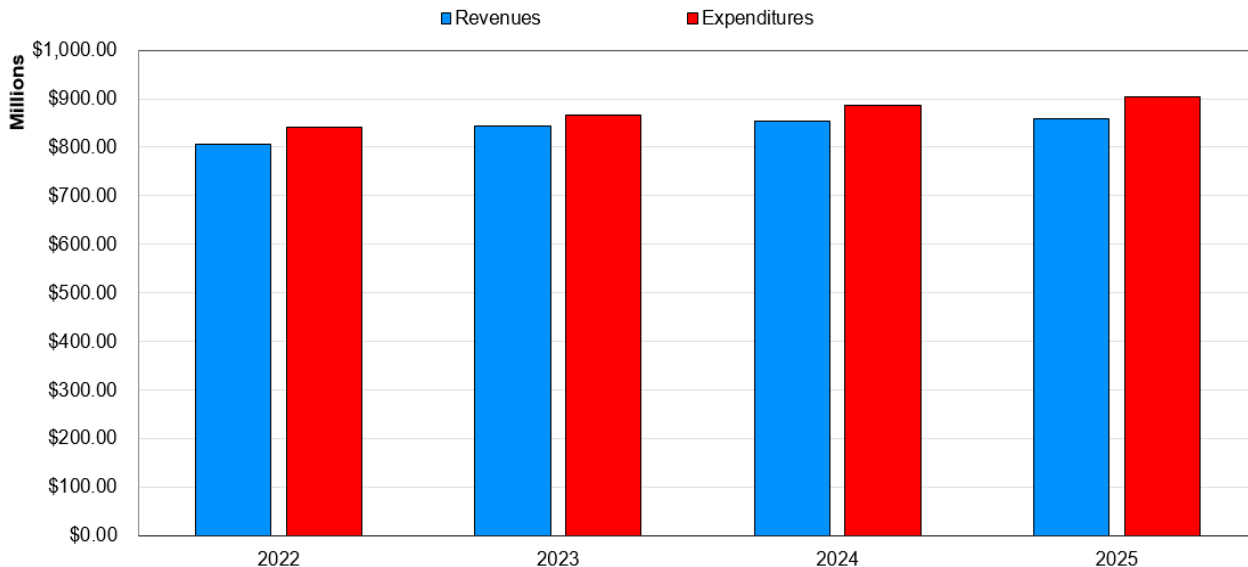
	BUDGET		REVENUE / EXPENDITURE PROJECTIONS				
	2022	2023	%Δ	2024	%Δ	2025	%Δ
REVENUE							
Local	\$129,390,096	\$136,102,596	5.19%	\$136,115,096	0.01%	\$131,125,096	-3.67%
State	650,740,335	703,439,769	8.10%	714,854,482	1.62%	722,881,919	1.12%
Federal	27,044,261	3,820,477	-85.87%	3,974,477	4.03%	4,143,877	4.26%
Transfers / Other	0	0		0		0	
TOTAL REVENUE	807,174,692	843,362,842	4.48%	854,944,055	1.37%	858,150,892	0.38%
EXPENDITURES							
Salary and Benefit Costs	463,423,089	483,505,794	4.33%	497,707,104	2.94%	512,572,060	2.99%
Other	376,851,603	381,481,189	1.23%	387,439,606	1.56%	390,118,492	0.69%
TOTAL EXPENDITURES	840,274,692	864,986,983	2.94%	885,146,710	2.33%	902,690,552	1.98%
SURPLUS / DEFICIT ***	(33,100,000)	(21,624,142)		(30,202,655)		(44,539,660)	
BEGINNING FUND BALANCE **	135,795,505	102,695,505		81,071,363		50,868,708	
PROJECTED YEAR END BALANCE *	\$102,695,505	\$81,071,363		\$50,868,708		\$6,329,049	

*** - Amount represents appropriated fund balance needed to balance the budget each year

** - Beginning fund balance was increased \$53M from 2019-2020 CAFR for estimated results from 2020-2021 fiscal year.

* - Amount represents the results of Fund Balance under the assumptions in this forecast.

Revenues Vs. Expenditures



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 several ways, such as developing 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 recommendations have been organized in Tables four (4) 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 experiences in the District:

1. RCSD at all levels of the organization should make a long-term commitment to focusing resources on accelerating 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 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 District's budget constraints 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 five years.
6. RCSD should optimize all processes related to collecting money owed to the District.
7. RCSD should demonstrate the courage to examine long-standing beliefs, practices, and structures that contribute to the growing budget deficit.

8. RCSD should reestablish 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.	New State Monitor Finding	Review Fund Balance Policy annually for modification and approval by April 15. Effective June 30, 2021, the District shall adhere to the current Fund Balance Policy by committing to yearly increasing the fund balance. (<i>M</i>)	Monthly financial reports, including quarterly trial reports
2	The per-pupil expenditures in the District are high compared to other Big 5 school districts. However, the rising student expenditure has not resulted in comparative increases in student outcomes.	New State Monitor Finding	The Board and administration shall examine all contracts and programs providing direct service to students for the following: <ul style="list-style-type: none"> ▪ Evidence of impact on student outcomes ▪ Alignment to the strategic plan ▪ Duplication of efforts ▪ Cost-effectiveness ▪ Feasibility ▪ Equity ▪ Need ▪ Sustainability 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

NO.	Finding	Type	Recommendation	Evidence of Implementation
3	<p>Student enrollment has declined, while staffing has continuously increased. This phenomenon suggests the District is overstaffed. In addition, staffing allocation data indicates administrators and teachers are assigned to schools in an inconsistent and inequitable manner.</p>	<p>New State Monitor Finding</p>	<p>Provide consistent supports at each school based on an analysis of enrollment data during specified times throughout the school year.</p> <p>The District shall use class size guidelines for staffing/budget development in all schools.</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 enrollment and staffing in each school, program, and Central Office annually by February 1.</p> <p>Effective immediately, create a cross-discipline team with human capital members, teaching and learning, and the finance departments specifically for staffing and budgeting. The team shall ensure:</p> <ol style="list-style-type: none"> 1) all staffing and contingent staff requests are in the budget, 2) all hired staff are appropriately placed in the District's software program, including position control and budget code, 3) any modifications to staffing are made in consultation with the team, principal, and chief. <p>This should help maximize resources and create efficiencies throughout the District while reducing expenses.</p>	<p>Create a cross-discipline team with human capital members, teaching and learning, and the finance departments specifically for staffing and budgeting by February 2021 and every year after that.</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 every year by July 1st.</p> <p>Artifacts may include staffing reports, BEDS data, budget reports</p>

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 consider the District's financial resources and ability to sustain the program.	New State Monitor Finding	<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 chiefs responsible for their budgets.</p> <p>2- Restrict the number of transfers that an administrator can request each month.</p> <p>3- Restrict the number of requests for substitutes an administrator can request 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, and agendas.

NO.	Finding	Type	Recommendation	Evidence of Implementation
5	<p>The current fiscal 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 assessed 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.</p> <p>The current student information management system (SIMS) has not been fully implemented. For example, not all necessary staff members have been adequately trained. In addition, there is evidence that a comprehensive implementation plan was not executed with fidelity for the system's launch in the District.</p> <p>The current student information management system used for students with disabilities does not align accurately with the financial and core student information management systems.</p> <p>These systems are designed to provide</p>	<p>Timbs, OSC, and State Monitor Finding</p>	<p>All three District management systems shall 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 revenue. It will also increase efficiency in every department in the District.</p>	<p>Identify a project manager to implement an upgraded fiscal management system by January 30, 2021.</p> <p>Present progress on the multi-tiered action plan to implement cross-training using all three management systems to the State Monitor quarterly.</p> <p>1- an upgraded fiscal management system</p> <p>2- the current student information management system</p> <p>3- an upgraded SWD student information management system</p> <p>Implement the action plan beginning July 1, 2022, through July 1, 2024. <i>(M)</i></p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
	<p>accurate information regarding District attendance, enrollment, staffing, revenue, and expenditures. However, critical controls within the financial management system have been deactivated. Access to the system has been granted to employees randomly. 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>			

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 before expenses come from P Cards and CONCUR.	Timbs, OSC, and State Monitor Finding	<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. As a result, reduce the number of 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 use except for critical need purchases related to the Pandemic.	State Monitor	<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, 2022. <i>(M)</i></p>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
8	During 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.	Modified Timbs Report Finding 2019	<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. Implemented an effective compliance program which includes the following attributes: 1. Written Superintendent Regulations are required to provide guidance, reporting, attestation, certification to the state, investigations, and resolution processes associated with the Medicaid activities. 2. A Medicaid compliance officer is designated to report this program directly to	New State Monitor Finding	<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

NO.	Finding	Type	Recommendation	Evidence of Implementation
	<p>the senior administrator.</p> <p>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' of 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>			

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. Therefore, cabinet members should help create negotiating strategies.	New State Monitor Finding	A protocol shall be established to ensure cabinet members are knowledgeable of contracts, memorandums of agreements, and memoranda of understanding regularly. 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. For example, new MOAs and MOUs could follow a process of reviewing similar position Management Action Form (PMAF).	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 is 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.	Updated Distinguished Educator Finding	<p>The District should adopt a formal practice of informing the Board of grants awarded to the District, including the following:</p> <ul style="list-style-type: none"> ▪ Purpose ▪ Amount ▪ Duration ▪ Scope of Work ▪ Outcomes ▪ Alignment to District Priorities ▪ Staff Oversight <p>Help support the management of District revenue and expenses.</p>	<p>Effective December 31, 2021, a policy or formal practice shall be established and approved by the Board for implementation by the administration.</p> <p>Finance Committee meeting agendas, presentations</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
12	Excessive complaints from staff at multiple levels of the central office organization regarding the PMAF process, specifically, timeliness, accuracy, and disconnect with effective position control management practices.	New State Monitor Finding	Starting January 1, 2022, develop an updated PMAF process that is responsive, timely, and efficient.	Completion of SOP of PMAF process and presentation to the cabinet for implementation, no later than January 31, 2022. (N)
13	Excessive complaints from staff at multiple levels of the central office organization regarding staffing in buildings and at the central office. The lack of understanding regarding shared accountability between the departments of HCI and Finance.	New State Monitor Finding	Effective immediately, the District administration should conduct a monthly position control report for review and action by the cabinet, as needed. The report should be generated weekly at a minimum during the following months: February, March, August, and September. The report should be shared with the State Monitor. (N)	Executive Cabinet agendas, submission of reports
14	Medicaid Compliance Officer has presented data regularly documenting non-compliance to CFO, Special Education, and the Board.	New State Monitor Finding	Effective immediately, the Medicaid Compliance Officer will make quarterly reports to the Board at Finance Committee meetings throughout the year. Forty-five days following each report, the special education department will submit a response to the Superintendent, Deputy Superintendent for Teaching and Learning, the State Monitor, and the Board clerk for distribution to the Board, documenting specific corrective actions and resulting outcomes. (N)	<ol style="list-style-type: none"> 1. Medicaid compliance reports shared at Finance Meetings 2. Special Education Responses to Medicaid Compliance Reports.

NO.	Finding	Type	Recommendation	Evidence of Implementation
15	ARP funding 197 MM CRSSA funding 87MM	New State Monitor Finding	Effective immediately, the District administration should submit a progress monitoring program implementation plan on all CRSSA and ARP funded activities and programs, including personnel evaluations as per communication from the Commissioner of Education. District administration should submit a semi-annual and annual report of all CRSSA and ARP-funded activities and programs, including personnel evaluations. (N)	<ol style="list-style-type: none"> 1. Copy of the plan 2. Copy of semi-annual reports.
16	There's inefficiency between the payroll department and HC. There's a lack of adherence relative to the payroll calendar and a negative impact on the work of the payroll department.	New State Monitor Finding	Effective immediately, develop and adhere to a process to ensure the Human Capital (HC) department is accountable for submitting complete and accurate documentation consistent with the yearly payroll calendar. (N)	Reports from the payroll Department.
17	There's an opportunity to address inefficiencies between Finance, HC, and IMT.	New State Monitor Finding	Effective immediately, the Dept. of HC should co-create with Finance and IMT an action plan to progress monitor, position control, extra pay, vacancies, and substitutes. Progress monitoring of this plan should be a regular agenda item for the Staff Relations Committee meetings. (N)	<ol style="list-style-type: none"> 1. Budget 2. Reduction in complaints 3. Timely payroll 4. Reduction in substitute spending 5. Vacancy reports 6. Staffing 7. Resolutions extra pay 8. MOAs extra pay

NO.	Finding	Type	Recommendation	Evidence of Implementation
18	There are excessive complaints from staff at multiple levels of the District regarding the existence and the quality of onboarding for new employees to the District.	New State Monitor Finding	Produce an SOP for onboarding new employees and substitute teachers to the District by March 1, 2022. The SOP should be presented to the Executive Cabinet and principals for feedback before sharing the final draft at the HRCOW. (N)	Presentation of the SOP to the following: <ol style="list-style-type: none"> 1. Executive Cabinet 2. Chiefs 3. Principals 4. HR COW

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
1	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.	New State Monitor Finding	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 plan’s goals regardless of any leadership changes.	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 action receiving the NY State Commissioner’s approval.
2	Student to teacher ratios and student to administrator ratios average significantly below contractual ratios and ratios of similar districts across the state. This phenomenon continues as student enrollment continues to decline.	New State Monitor Finding	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.	Artifacts might include staffing reports, master schedules, student attendance rosters, School and district promotion materials
3	RCSD continues to have more receivership schools than any other school district in New York State.	Updated Distinguished Educator Finding	Effective July 2021, Superintendent should exercise all powers allowed under Education Law 211.f and Commissioner’s Regulations 100.19. <i>(See Academic Plan)</i>	Implementation of the laws and regulations should be examined with an intent to exercise the powers of the superintendent immediately. <i>(M)</i>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
4	<p>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. However, how these goals will be defined, achieved, monitored, or measured has yet to be determined by the RCSD School Board.</p>	<p>Updated Distinguished Educator Finding</p>	<p>The Board should adhere to all Board Goals by regularly reviewing selected data to monitor progress for each goal’s attainment at least twice a year.</p>	<p>Artifacts might include Board agendas, minutes, district dashboards, board presentations, Superintendent evaluation materials.</p>
5	<p>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.</p>	<p>Updated Distinguished Educator Finding</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, 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 every month at the Finance Committee meetings.</p>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
6	<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. However, regular analysis is currently not conducted and communicated to the administration or the Board of these multi-year projects.</p>	<p>New State Monitor Finding</p>	<p>Effective July 1, 2021, the 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 (KPIs) for Food Service, Maintenance and Operations, Safety and Security, and Transportation like selected indicators funded through the Council of Greater City Schools publication Managing For Results in America’s Great City Schools.</p> <p>RCSD Board and District Leadership will conduct a work session a minimum of twice a year to reassess each phase of the Facilities Modernization Plan using fiscal, academic, facilities, and equity lenses. <i>(M)</i></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 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, annually, by April.</p> <p>Annually, schedule two FMP Work sessions on the Board calendar.</p>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
7	A review of contract requests indicates a considerable number of errors and omissions on contract request forms submitted to legal counsel for review before final contract development. In addition, 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.	New State Monitor Finding	<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 before arrival to legal counsel every month</p>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
8	<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. In addition, to reduce the number of meeting nights, some committees are scheduled to meet on the same night.</p>	<p align="center">Updated Distinguished Educator Finding</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>

NO.	Finding	Type	Recommendation	Evidence of Implementation
9	Most resolutions 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.	State Monitor Finding	<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>

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
10	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	State Monitor Finding	<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 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 before 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>

NO.	Finding	Type	Recommendation	Evidence of Implementation
11	The printing capacity at each school and program site, more web-based academic programs, the increase of 1:1 technology devices for students, and the expansion of the Communications Department could create other options beyond a traditional print shop.	State Monitor Finding	Evaluate the efficiency of the print shop and provide a report to the Superintendent, State Monitor, and the Finance Committee by July 2022. (M)	Print Shop Evaluation Report
12	Support for new Athletic Director	State Monitor Finding	Conduct a financial audit of the RCSD athletic department by July 1, 2022. (N)	Financial Audit Report of the RCSD Athletic Department
13	Vacancy data in presentations by the District, both internally and externally, were frequently inconsistent. Vacancy data is often challenged by school-level personnel.	State Monitor Finding	Effective no later than February 28, 2022, District leadership should conduct a monthly analysis of the vacancy reports for the executive cabinet and the State Monitor. The report should be generated weekly at a minimum during the following months: February, March, August, and September. (N)	<ol style="list-style-type: none"> 1. Executive Cabinet Agendas 2. Vacancy Reports
14	2020-21 Contract for Excellence (C4E) reporting requirements were not met.	Audit Finding	<p>1. Effective immediately, for the 2019-20 and 2020-21 fiscal year, identify the various revenue components and amounts included in the following sources of revenue:</p> <ol style="list-style-type: none"> a) Local Revenue b) State Revenue (received directly or as a flow-through from other sources) c) Federal Revenue (received directly or as a flow-through from other sources) d) Flow through Revenue (received to flow through to others) e) Any other revenue source not included above <p>2. Compare the revenue sources identified in 1 above to the expected revenues anticipated in 2021-22. For any revenues received in 2019-20 or 2020-21 but not anticipated in 2021-22,</p>	A Revenue report to be presented to the Finance Committee at least once by April 1, 2022

NO.	Finding	Type	Recommendation	Evidence of Implementation
			<p>please verify and document the reason for the change.</p> <p>3. Identify any new revenue sources for the 2021-22 school year. (N)</p>	
15	2020-21 Contract for Excellence (C4E) reporting requirements were not met	Audit Finding	<p>For each of the revenue sources identified, develop a database or other repository which documents the following:</p> <ul style="list-style-type: none"> a) criteria for the receipt of funding by the district. For example, enrollment, graduation rate, SWD classification, etc. b) specific requirements for each revenue source, including hearings or reporting c) the reporting deadlines d) the means of receipt and from whom e) the projected timing of receipt for the revenue (N) 	A Revenue report to be presented to the Finance Committee, at least once, by April 1, 2022
16	2020-21 Contract for Excellence (C4E) reporting requirements were not met	Audit Finding	Designate a specific individual responsible for each revenue source, including obtaining the required data, ensuring that the data is accurate, providing the data is available and reported within the designated timeframes. (N)	<p>A Revenue report to be presented to the Finance Committee at least once by April 1, 2022</p> <p>Organization Chart</p>

Table 6: Legal Findings and Recommendations from Financial Audit

NO.	Finding	Type	Recommendation	Evidence of Implementation
1	<p>Legal Counsel negotiates Memorandums of Agreement (MOA) and Memorandums of Understanding (MOU) without administration, particularly the Department of Finance. This negatively affects 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. 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>State Monitor Finding</p>	<p>A team including the Chief of HR, the Chief of Finance, Chief of Information, Management & Technology (IMT), or their designees should negotiate all MOAs and MOUs for collective bargaining units. Afterward, the negotiated agreement or contract should 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
2	<p>Legal Counsel provides inadequate communication to District administration about MOAs and MOUs. For example, an MOA with one bargaining unit involving 6, 4 employees resulted in those employees working before a notification to the Payroll department. As a result, the Payroll department was notified two days before the deadline for payroll entry. As a result, the proper procedure of generating a Position Action Management Form 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">State Monitor Finding</p>	<p>RCS D 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 & Technology (IMT), or their designees. A team including the Chief of HR, the Chief of Finance, Chief of Information, Management & Technology (IMT), or their designees should negotiate all MOAs and MOUs for collective bargaining units. The negotiated agreement or contract should be forwarded to legal counsel for a final review.</p>	<p>The review of all MOAs and MOUs should be an agenda item for the executive cabinet, effectively immediately.</p> <p>All MOAs and MOUs related to any collective bargaining units should become an agenda item at the HR Committee of the Whole, effectively immediately.</p> <p>All MOAs and MOUs that affect the teaching and learning process and the District finances should be presented to the cabinet, State Monitor, and the Board for review, effective immediately.</p>
3	<p>The Legal Department, 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">State Monitor Finding</p>	<p>Effective immediately, the review of all MOAs and MOUs should occur as an agenda item for the executive cabinet. In addition, MOAs and MOUs related to any 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 be an agenda item for the executive cabinet, effectively immediately.</p> <p>All MOAs and MOUs related to any collective bargaining units should become an agenda item at the HR Committee of the Whole, effectively immediately.</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
				<p>All MOAs and MOUs that affect the teaching and learning process and the District finances should be presented to the Board for discussion 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>
4	There was an increase in the number of cases requiring the services of independent counsel.	State Monitor Finding	Effective immediately, increase the use of independent legal counsel, when appropriate by the RCSD Board and Administration. (N)	Budgeted Item, increased from previous year's budget
5	The same team of individuals has negotiated collective bargaining agreements for many years without making any meaningful change to support the district's evolving goals and needs.	State Monitor Finding	<p>Increase the use of independent legal services to negotiate collective bargaining agreements by July 1, 2022.</p> <p>By July 1, 2022, have an independent lawyer conduct an audit of all collective bargaining agreements, for potential areas of improvement for the District, through negotiation. (N)</p>	<ol style="list-style-type: none"> 1. Negotiation Team configuration. 2. Audit findings 3. List of areas for future negotiation

Table 7: Budget Development Findings and Recommendations from Financial Audit

NO.	Finding	Type	Recommendation	Evidence of Implementation
1	<p>There has been clear and proven evidence of the overbudgeting of certain revenues and the underbudgeting 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>State Monitor Finding</p>	<p>Train school and District leaders annually on best practices in finance and budgeting beginning with the 2021-22 school year.</p> <p>Create budget development and budget management training every year for all school and district leaders.</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>The Board shall review an RCSD Budget Transfer Policy annually, no later than September.</p> <p>Effective immediately, a report documenting all budget transfers shall be submitted to the Board and the State Monitor every month at the Finance Committee meetings</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
2	<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>State Monitor Finding</p>	<p>Update budget development processes and timelines to produce sound budget forecasts. The earlier start date will allow the District ample time to deliberate using historical data and trending analysis. In addition, 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 to review the alignment of departments, programs, and initiatives with the strategic plan.</p> <p>Provide per-pupil allocations for each school level for an agreed-upon group of expenditures.</p> <p>Effective October 2021, the administration will be provided with the following tools every month to make school and department leaders more accountable for the funds being spent from their budgets:</p> <ul style="list-style-type: none"> ▪ Available Funds Report ▪ Budget Transfer Report ▪ Confirming Order Report ▪ Staffing Template ▪ Open PO Report ▪ Substitute Utilization Report ▪ Overtime and Regular Time Extended Report (bi-weekly) ▪ P-Card Utilization Report <p>State Monitor will also review the above-listed reports.</p>
3	<p>Utilization of trend analysis to study, determine and project appropriate estimates of both expenditures and revenues is not a frequent practice in the budget development</p>	<p>State Monitor Finding</p>	<p>Update budget development processes and timelines to produce sound budget forecasts. The earlier start date will allow the District ample time to deliberate using historical data and trending analysis. In addition, the</p>	<p>The budget development process will begin in November of each year.</p> <p>Develop a multi-year schedule to review the alignment of departments,</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
	<p>process. Projections for data such as enrollment, expenditures, and revenue are presented based solely on statistical algorithms</p>		<p>earlier start date will provide more time for stakeholder engagement in the budget development process. 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>programs, and initiatives with the strategic plan.</p> <p>Provide per-pupil allocations for each school level for an agreed-upon group of expenditures.</p> <p>Effective immediately, the administration will be provided access to the following tools every month to make school and</p> <p>Department leaders are more accountable for the funds being spent from their budgets:</p> <ul style="list-style-type: none"> ▪ Available Funds Report ▪ Budget Transfer Report ▪ Confirming Order Report ▪ Staffing Template ▪ Open PO Report ▪ Substitute Utilization Report ▪ Overtime and Regular Time Extended Report (bi-weekly) ▪ P-Card Utilization Report <p>State Monitor will also review the above-listed reports.</p>
4	<p>The District has deviated from the Uniform Code System as defined by New York State for Account Codes. As a result, the District runs the risk of improperly aligning certain expenditures with offsetting revenues. In addition, not using standard codes requires the expenditure of time, labor, and money to</p>	<p>Previous OSC and Timbs Findings</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. Therefore, 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>

NO.	Finding	Type	Recommendation	Evidence of Implementation
	<p>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>			
5	<p>Inequities exist between schools, programs, and departments.</p>	<p>State Monitor Finding</p>	<p>Pilot participatory, equity-based budget practices beginning with the 2022-23 school year budget development.</p> <p>Adopt a model for budget development that ensures equitable access to resources for the 2022-23 school year budget. (N)</p>	<ol style="list-style-type: none"> 1. Cabinet Meeting Agenda 2. Budget development documents 3. Budget development calendar
	<p>2020-21 Contract for Excellence (C4E) reporting requirements were not met</p>	<p>Audit Finding</p>	<p>Update the revenue funding sources on an annual basis. This should be performed as part of the annual budgeting process. (N)</p>	<ol style="list-style-type: none"> 1. Budget development documents 2. Budget Book

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
1	<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 that the committee would be focusing on the Code of Conduct, the Student Attendance Policy, the Purchasing Policy, AIS Compensatory services, and 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>State Monitor Finding</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 October 1 and continue throughout the year on an annual basis. (<i>M</i>).</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
2	<p>There is a lack of evidence Policy 6700R is being executed with fidelity. Therefore, 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 vendor's name, length of the contract, the date the 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. In addition, all budget, finance, and information technology resolutions will go before the Finance Committee to review and action before being submitted to the full Board of Education at a business or special meeting for its approval. In addition, 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>State Monitor Finding</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**

NO.	Finding	Type	Recommendation	Evidence of Implementation
3	<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 has proposed budget must contain the most recent program evaluation results, which should determine continued funding for existing programs. In conjunction with the Chief Financial Officer, the superintendent will develop a multi-year 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 align="center">State Monitor Finding</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
4	<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 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 for 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>	<p>State Monitor Finding</p>	<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
5	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.	State Monitor Finding	<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. In addition, 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
6	Health care costs continue to rise.	State Monitor Finding	Effective immediately, develop an RFP or RFQ to search health and dental brokers for the 2022-23 school year. (N)	Dental and Health insurance options as an agenda item for Finance COW, HR COW, Executive Cabinet
7	Utilities like electricity continue to rise.	State Monitor Finding	Effective immediately, initiate a minimum of four strategies for implementation to reduce the rising cost of utilities in the District. Submit a report to the State Monitor, which includes actions and outcomes. (N)	<ol style="list-style-type: none"> 1. Finance Report 2. Utilities Utilization Report 3. Documentation of Implementation

NO.	Finding	Type	Recommendation	Evidence of Implementation
8	The monitoring and finance demand a growing number of charter schools and the growing proportion of charter school students in the RCSD region.	State Monitor Finding	Establish and fund a charter school Coordinator position to serve as a liaison between charter schools, SED, SUNY, and the District in the 2022-23 school year budget. (N)	<ol style="list-style-type: none"> 1. 22/23 Budget code 2. Position control number 3. Posting 4. Organization Chart
9	The monitoring and finance demand of initiatives such as: FMP CIP Rezoning Reconfiguring schools	State Monitor Finding	Create an Urban Campus Renewal position to accommodate the growing District and community needs associated with the implementation of closing, reconfiguring, and rezoning RCSD schools in the 2022-23 school year budget. (N)	<ol style="list-style-type: none"> 1. 22/23 Budget code 2. Position control number 3. Posting 4. Organization Chart

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

NO.	Finding	Type	Recommendation	Evidence of Implementation
1	RTS transports RCSD students to high schools throughout the city at the cost of 11MM. Part of the cost is due to special routes requested by the District.	State Monitor Finding	Acknowledging the District's need to cut costs, the District should continue negotiating a more favorable contract with all transportation service providers, including RTS.	Effective immediately, the administration shall negotiate a favorable contract with the Rochester Transit System and other transportation service providers.
2	Managed Choice Policy allows students to attend schools outside of their neighborhood. However, one unintended consequence of this long-standing district policy is an increased need for transportation.	State Monitor Finding	<p>Review the Managed Choice Policy for modification, restoration, or elimination.</p> <p>Determine the approval status of the Managed Choice Policy by March 1, 2022. <i>(M)</i></p>	<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 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 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 be eliminated by January 31, 2022.</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
3	Transportation costs emanate from two general sources, general education and special education. In addition, transportation services are generated by information included on IEPs during annual review meetings. Therefore, the level of monitoring and supervision of IEP meetings may contribute to the rising costs associated with transportation.	State Monitor Finding	<p>Effective immediately, the District should initiate the following:</p> <p>1- A review of the services and accommodations written on IEPs, particularly the need for transportation.</p> <p>2- Consider renegotiating all contracts with transportation vendors.</p> <p>Help support the management of district expenses.</p>	Artifacts might include contracts, monthly transportation reports, IEPs,
4	According to the Office of the State Comptroller, the District has underestimated the Charter School expenditures by 1.5MM.	State Monitor Finding	<p>Ensure there is adequate staff, well-trained to manage the processes for enrollment and tuition at the charter schools.</p> <p>Ensure staff has the proper tools to manage records for tuition and enrollment at charter schools.</p> <p>Ensure there is alignment with the processes for enrollment and tuition for special education students at charter schools.</p> <p>Transition all foodservice responsibilities to charter schools, where feasible.</p> <p>Confirm the maximum enrollment allowed at each charter school to ensure against paying for students above the state allowed enrollment with SED.</p> <p>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 non-residents of Rochester.</p>	<p>These processes should be established by June 30, 2022. <i>(M)</i></p> <p>Artifacts might include a new invoicing system, enrollment reports</p>

NO.	Finding	Type	Recommendation	Evidence of Implementation
			Establish an invoicing procedure that provides the information needed by RCSD in a conducive format to RCSD operations.	
5	There is no evidence of periodic review of long-range financial planning.	State Monitor Finding	Annually, by September 1, 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 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.
6	The purchasing process is too heavily dependent on an inadequate number of staff to accommodate the District's needs.	State Monitor Finding	Create a user-friendly SOP, including training, for school and District leaders to understand the purchasing process in RCSD by January 31, 2022. (N)	<ol style="list-style-type: none"> 1. Training schedule 2. Agendas 3. Attendance 4. SOP 5. Purchasing
7	Support for new Deputy Superintendent. Preparation for CIP, FMP, School closures, and consolidations.	State Monitor Finding	Conduct an audit of the following departments: transportation, facilities, food service, and operations by January 2023. Restructure the Department of Facilities, Operations, and Transportation to address the growing complexity of District needs by June 2023. (N)	<ol style="list-style-type: none"> 1. Audit Report 2. Organization Charts
8	Transportation expenses continue to rise despite declining enrollment.	State Monitor Finding	Effective immediately, initiate a minimum of four strategies for implementation to reduce District reliance on transportation and submit them to the State Monitor. (N)	<ol style="list-style-type: none"> 1. Finance Report 2. Transportation Report

NO.	Finding	Type	Recommendation	Evidence of Implementation
				3. Documentation of implementation

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

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

Conclusion

The State Monitor believes that the Rochester City School District children deserve a school system that ensures 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. In addition, 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

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 lingering global pandemic, and must be updated to correspond with evolving conditions. The Academic and Financial Plans both include the requirement, the District adheres to all recommendations, proposals, and mandates specified in 1) the third phase of the RCSD Facilities Modernization Plans (FMP), 2) RCSD Strategic Plan, Special Education Consent Decree, and 3) all Corrective Action Plans (CAP) issued by the New York State Department of Education (NYSED) from the offices of Special Education and Bilingual Education and World Languages

I want 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 the team at Forecast5 was beyond all expectations. There are many hard-working, resolute staff members with the difficult job of providing a great education to the youngest citizens of Rochester. However, there are also many areas for improvement. Our next steps are to finalize the plan with the Board and submit it 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
Managing For Results in America's Great City y Schools, RESULTS FROM the FISCAL YEAR 2020 Academic Key Performance Indicators, 2020 Report	https://www.cgcs.org/cms/lib/DC00001581/Centricity/domain/35/publication%20docs/Managing%20for%20Results%20in%20Americas%20Great%20City%20Sc hools%202020.pdf
Comprehensive Annual Financial Report	https://www.cityofrochester.gov/cafr/
RCSD 2020-2021 Budget	https://www.rcsdk12.org/budget
RCSD 2021 2022 Budget	 2022-2023 Draft RCSD Budget B...
Education Commissioner's Letter to Superintendent and Board President regarding authority to place conditions on CRSSA and ARP funding to the District	file:///C:/Users/slmcj/Downloads/Rochester%20Clarifi cations%2061821%20(1).pdf
Rochester Distinguished Educator Report	http://www.nysed.gov/news/2018/rochester-distinguished-educator-report-84-recommendations-improve-student-learning-and
2020-2021 Charter School Basic Tuition	https://stateaid.nysed.gov/charter/pdf_docs/charter_2020-2021_rates.pdf
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	https://www.rcsdk12.org/cms/lib/NY01001156/Centri city/Domain/12877/RCSD%20BOE%20Response%202.6.19.pdf#:~:text=action%20step%20lists%20the%20person%28s%29%20responsible%2C%20the%20colla borators.forward%20as%20we%20continue%20to%20engage%20key%20stakeholders.
RCSD Budgeting and Multiyear Financial Planning	https://www.osc.state.ny.us/files/local-government/audits/pdf/rochester-2020-44.pdf
The Children's Agenda Rochester City School Budget	https://thechildrensagenda.org/wp-content/uploads/2020/04/RCSD-2020-21-Budget-Review-Final-Web.pdf
Office of The State Comptroller of New York	https://www.osc.state.ny.us/search?search=rochester%20School%20district