

ROCHESTER COMMUNITY SCHOOLS

Annual Budget
For the Fiscal Year Ended June 30, 2023



52585 Dequindre Road
Rochester Hills, MI 48307
USA
www.rochester.k12.mi.us

Proposed 2022-23 Budget Rochester Community Schools

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Rochester Community Schools Executive Summary Section



ROCHESTER COMMUNITY SCHOOLS
52585 DEQUINDRE ROAD
ROCHESTER, MICHIGAN 48307

Board of Education



Kevin Beers, President

Kevin was selected to serve on the Board of Education in August 2015. Kevin earned a Bachelor of Science degree in Education from Central Michigan University, with a concentration in English and Broadcast Arts. Kevin is an eleven-year resident of the Rochester area and currently has four children enrolled in the Rochester Community Schools district.

Term 2022



Kristin Bull, Vice President

Kristin earned a Bachelor of Arts degree from Alma College and attended Michigan State University graduate program for Journalism. Kristin serves as an editor for Crain's Detroit Business and teaches in the journalism department at Oakland University. Kristin and her husband have been residents of Rochester Hills for more than nine years.

Term 2026



Michelle Bueltel, Treasurer

Michelle earned a Bachelor of Arts degree in Statistics and Communications, and a Masters degree in Business Administration from the University of Michigan. Michelle has served for 14 years on various school and district PTA boards as well as chairing the Rochester PTA Council STEAM Career Exploration Fair and Committee. Michelle and her husband have been residents of Rochester Hills for more than 20 years.

Term 2024



Joseph Pittel, Secretary

Joe was appointed to the Board of Education in 2021. He earned a Juris Doctor degree from the University of Detroit Mercy School of Law, a Master of Business Administration degree from University of Detroit Mercy, and a Bachelor of Arts from Michigan State University. Joe is a practicing attorney in the government and private sectors. Joe is currently general counsel of Samsung SDI America. He and his wife have three children.

Term 2022



Barb Anness, Trustee

Barb was selected to serve on the Board of Education in July 2017. Barb earned a Bachelor of Science degree in Graphic Design, graduation cum laude from the College of Design, Architecture, Art and Planning at the University of Cincinnati. She is also currently serving as the Federal Legislative Chair for the Michigan PTA and is a member of their Board of Directors. Barb, along with her husband and two children, is a 21 year resident of Rochester Hills.

Term 2024



Jessica Gupta, Trustee

Jessica is a licensed clinical social worker and mental health practitioner. She and her husband, Shishir, are 11-year residents of Rochester and parents of a 2020 Rochester High School graduate. In appointing Jessica, Board members cited her longtime involvement with RCS, including her leadership in FIRST Robotics districtwide, and her professional background in mental health.

Term 2024



Scott Muska, Trustee Scott earned a Bachelor of Science degree in Finance from Central Michigan University and is a business owner and investor who has spent most of his career in business development and operations. Additionally, Scott is a professional speaker and a former college and professional basketball assistant coach. Scott and his wife, Barbara, live in Rochester with their 3-year-old daughter.

Term 2026

Executive Administration

Superintendent
Robert Shaner, Ph.D.

Deputy Superintendent for Instruction
Debi Fragomeni

Deputy Superintendent for Business Affairs
Dana J. Taylor, CPA, CFF

Executive Director of Business & Operations
Matthew McDaniel, CPA

Chief Human Resource Director
Elizabeth A. Davis

Assistant Superintendent for Secondary Education
Neil Deluca

Executive Director of Elementary Education
Cory Heitsch

Executive Director of Communications
Lori Grein

Executive Director of Technology and Strategic Initiatives
Cindy Lindner

Robert Shaner, Ph.D.
Superintendent

Dana J. Taylor, CPA, CFF
Deputy Superintendent for Business

Debi Fragomeni
Deputy Superintendent for Teaching & Learning

Elizabeth A. Davis
Chief Human Resource Officer

52585 Dequindre Road, Rochester, Michigan 48307. Phone: 248.726.3000. Fax: 248.726.3105.

June 27, 2022

Dear Members of the Board of Education of Rochester Community Schools:

This document contains the fiscal year 2022-23 recommended budgets for adoption and a final revision of the budget for fiscal year 2021-22. The following Executive Summary provides an overview of the Rochester Community Schools (the District) and summarizes financial information included in the document.

Budget Overview

The budgets contained in this document include all governmental funds for which the Board has legal responsibility. The budgets presented in this document are organized by fund as follows:

- General Fund
- Debt retirement Fund
- Capital Projects Funds
- Special revenue Funds
 - Food Service
 - Book Store
 - Early Learning
 - Student/School Activities

Budget Presentation

The budgets for governmental funds are presented on the modified accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end, and therefore cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

The budgets are designed to promote efficiency and provide accountability for the management of public funds. All building principals, directors and other District administrators have electronic access to live financial data and are required to monitor their budgets to ensure that expenditures do not exceed budgeted amounts. Additionally, the District maintains a purchase order policy that requires a purchase order for any expenditure over \$500. The Business Office monitors budget-to-actual expenditure detail and results are reported to the Board on a monthly basis.

The information contained in this document has been structured to meet the Association of School Business Officials International (ASBO) certification

requirements for the Meritorious Budget Award (MBA). It is the primary vehicle to present the financial plan of the District. The Meritorious Budget Award is the most prestigious form of recognition in public school district budgeting. Its attainment represents a significant accomplishment by a school district. This budget document is the fifth submission for Rochester Community Schools.

District Mission

The mission of Rochester Community Schools is “to provide a quality education in a caring atmosphere for students to attain the necessary skills and knowledge to become lifelong learners and contribute to a diverse, interdependent, and changing world.”

District Goals and Objectives

The District utilizes a strategic plan to identify and set goals in five-year increments. The last plan was adopted in March 2015, and normally the District would have completed a new five-year plan to be implemented with the 2020-21 school year. The global pandemic of 2020 necessitated a delay in the development of the next iteration of the strategic plan; therefore, the district continues to be guided by the plan the Board adopted in 2015 entitled *Pride in Excellence: Strategic Planning 2020*, which includes the following objectives:

Goal Area: Curriculum, Instruction & Assessment

Rochester Community Schools will develop innovative, self-directed learners who think critically, communicate effectively and persevere to positively impact the world.

- *Strategy 1:* Investigate options for potential implementation of International Baccalaureate Programs in Rochester Community Schools (shared with Global Awareness).
- *Strategy 2:* Assess progress with Cultures of Thinking and develop a plan to expand at all levels K-12.
- *Strategy 3:* Ensure rigorous and consistent content in all curricular areas.
- *Strategy 4:* Investigate and implement assessment practices that inform instruction and deepen student learning.
- *Strategy 5:* Investigate innovative instructional practices which provide choice and increase relevance.
- *Strategy 6:* Ensure the development and implementation of Multi-Tiered Systems of Supports (MTSS).

Goal Area: Global Awareness

Rochester Community Schools will challenge students through dynamic cultural experiences, to be empowered global stewards, and inspire them to have a positive impact on their community, country, and world.

- *Strategy 1:* Investigate options for potential implementation of an International Baccalaureate Programs in Rochester Community Schools (shared with Curriculum, Instruction & Assessment).
- *Strategy 2:* Develop and expand local partnerships with business and higher education.
- *Strategy 3:* Expand world languages to K-12 for all students.
- *Strategy 4:* Investigate, develop, and implement programs which ensure that students have a high degree of cultural awareness.
- *Strategy 5:* Investigate the feasibility of service learning for all students.
- *Strategy 6:* Expand international exchanges and school partnerships.

Goal Area: Technology and Infrastructure

Rochester Community Schools will ensure a world-class education by focusing resources on developing and enhancing assets which include people, innovative partnerships, state-of-the-art technology and facilities.

- *Strategy 1:* Develop a comprehensive infrastructure plan including technology, facilities, safety and security.
- *Strategy 2:* Develop a model for configuration of District learning spaces to support flexible and collaborative learning environments.
- *Strategy 3:* Investigate and implement integrated instructional technology to support and enhance instruction.
- *Strategy 4:* Create and maintain a sustainable business model to ensure long-term financial stability of the District.
- *Strategy 5:* Investigate and implement comprehensive information systems for business and student data.
- *Strategy 6:* Investigate systems and processes that ensure that the Rochester Community Schools recruits, hires, develops, and retains a highly qualified and diverse workforce.

The objectives illustrate the Board's highest priorities and establish direction for district and school efforts. The District is in the process of organizing the strategic planning committee which has been delayed by the 2020 global pandemic.

Budget Process and Timeline

The budget cycle is a continuous process:

- In the spring of each year, the State of Michigan (the State) conducts a revenue consensus meeting and sets the budget for its General and School Aid Funds. Per-pupil foundation allowance levels are based on district-level State Aid projections.
- The District engages experts to project enrollment growth. Enrollment, along with per-pupil foundation allowance, is the starting point for revenue projections.
- The District projects the anticipated increase (or decrease) in expenditures. Salaries, payroll taxes and employee benefits comprise approximately 80% of the District's expenditure budget. Substantially all of the District's employees work under collective bargaining agreements. Building budgets are based on a per-pupil allocation set by the District. Other non-payroll related budgets are based on previous year expenditures adjusted for inflation, or are based on planned project cost estimates.
- Based on the latest information obtainable at the time legal deadlines approach, expenditures are prioritized and a preliminary budget is completed. Meetings are set with building administrators and labor leaders. Reductions, if required, are discussed at these meetings and consensus is reached on a functional level.
- Cabinet members meet with the Board of Education to present the preliminary budget. The Board votes to adopt the proposed budget prior to June 30, which officially establishes the budget as the operating plan.
- Once adopted, the budget will be amended throughout the fiscal year, as necessary, by the Board of Education. Typically, the budget is amended three times during the year, in November, March, and June.
- After the fiscal year is complete, the budget-to-actual information is published in the District's Audited Financial Report for the General Fund.

The calendar below illustrates the budget cycle for 2022-23:

2022-23 BUDGET CALENDAR				
Superintendent & Deputy Supt. for Business Affairs	Superintendent's Cabinet	Superintendent's Business & Operations Advisory Committee	Board of Education	
			Review	Adoption & Amendments
Monday, April 30, 2022	Tuesday, March 8, 2022	Monday, May 9, 2022	Monday, May 16, 2022	Adoption Monday, June 27, 2022
	Tuesday, March 15, 2022		*June TBD	Amendment November 2022 Regular Meeting
				Amendment February 2023 Regular Meeting
				Amendment June 2023 Special Meeting
Adopt 2023-24 Budget at June 2023 Board Meeting				

* If needed

Summary of Significant Changes

There were no significant changes from the current year in the budget process or in budget policies used in the development of the 2022-23 budget.

Allocation of Human and Financial Resources

Pride in Excellence: Strategic Planning 2020 addresses academics, global awareness, and infrastructure – three critical areas that must be addressed to ensure that the District is able to achieve its mission. The District provides a rigorous instructional program with appropriate curriculum and assessments, which is essential in the development of innovative, self-directed learners who think critically, communicate effectively, and are able to positively impact the world around them.

Though paused with the onset of the global pandemic of 2020, the District is in the process of expanding its world languages program to all grade levels, and as recently as 2019, trips to China, Costa Rica, and Germany have provided global experiences for middle and high school students and their teachers. Safe and secure learning, teaching, and office environments have been created with the deployment of cameras and secured entrances. These improvements are crucial in promoting individual wellbeing, and providing positive, respectful, and caring environments where students, staff, and the community are collectively engaged in the success of every school.

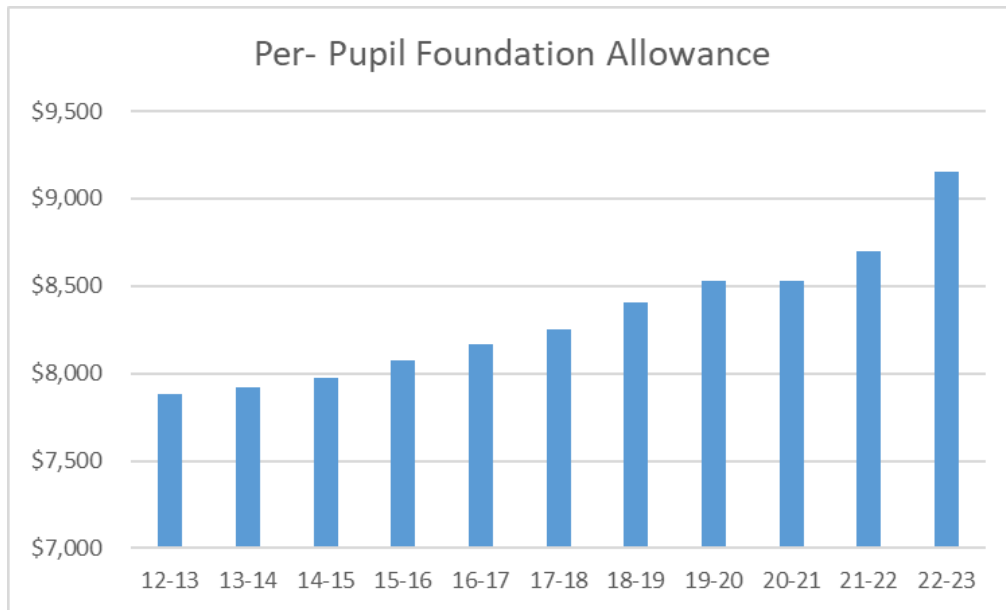
Clear, timely, honest, transparent, and accessible communication engages every stakeholder in building a culture of trust through action. The RCS *Talk to Us* online portal is available to provide families with timely response to concerns and questions. RCS is maximizing efficiency and effectiveness through the implementation of rigorous, relevant, and reasonable performance standards that provide for all employees' professional growth and shared accountability for student, school, and organizational

performance. Sustaining excellence requires thoughtful deployment of available resources, and the 2022-23 adopted budget reflects the Board's commitment to its mission and objectives.

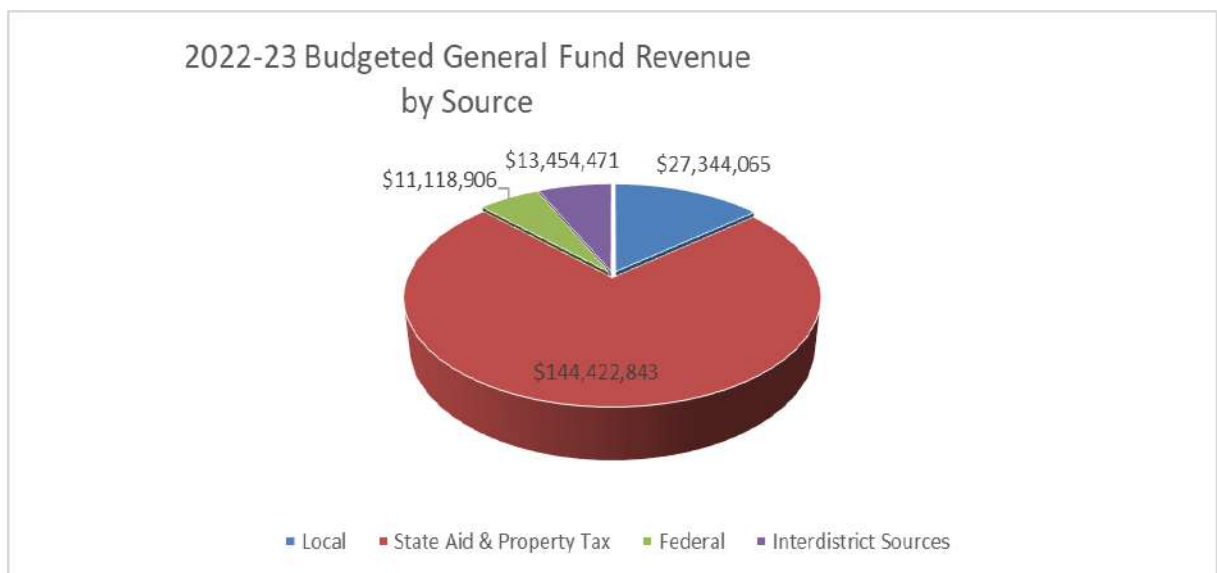
Summary of Revenues – All Funds

General Fund

The District's operating costs are predominately funded by State Aid which has increased on a per-pupil basis at a modest rate since 2013. The 2022-23 per-pupil foundation allowance amount is \$9,150, an increase of \$450 from the prior year. The full long-term economic impact of the global pandemic on school funding is unknown. The following graph illustrates per-pupil foundation allowance net of permanent reductions over the past ten years:



General Fund 2022-23 budgeted revenue by source is illustrated as follows:



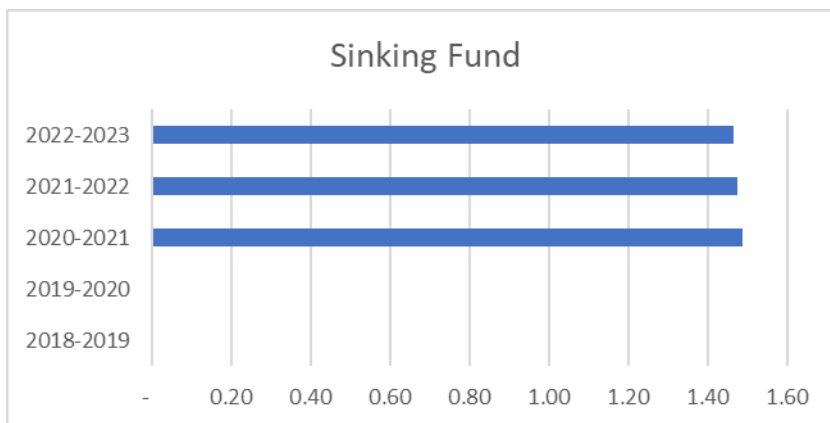
Over the past three years, the District has received substantial one-time federal funding on a reimbursement basis as a result of the 2020 global pandemic. The one-time funds received as a result of the global pandemic are expected to be expended by September 2024. Federal funds by year are illustrated as follows:

	Budget 2022-23	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Federal sources					
Grants - restricted					
Special education - I.D.E.A.	\$ 3,463,233	\$ 3,463,233	\$3,274,409	\$3,283,834	3,259,066
COVID-19 Grants*	6,326,483	7,243,795	3,567,005	-	-
Title I	373,839	373,839	246,307	347,762	298,058
Medicaid Outreach	50,000	50,000	41,823	67,971	451
Title II A	383,632	383,632	157,795	296,946	269,542
Title III	311,189	311,189	214,882	135,933	179,588
Title IV	31,583	31,583	13,096	24,729	33,665
Adult education	178,947	178,947	169,512	170,413	146,705
Total revenues from federal sources	<u>\$ 11,118,906</u>	<u>\$ 12,036,218</u>	<u>\$ 7,684,829</u>	<u>\$ 4,327,588</u>	<u>\$ 4,187,075</u>

*One-time funds

Capital Projects Funds

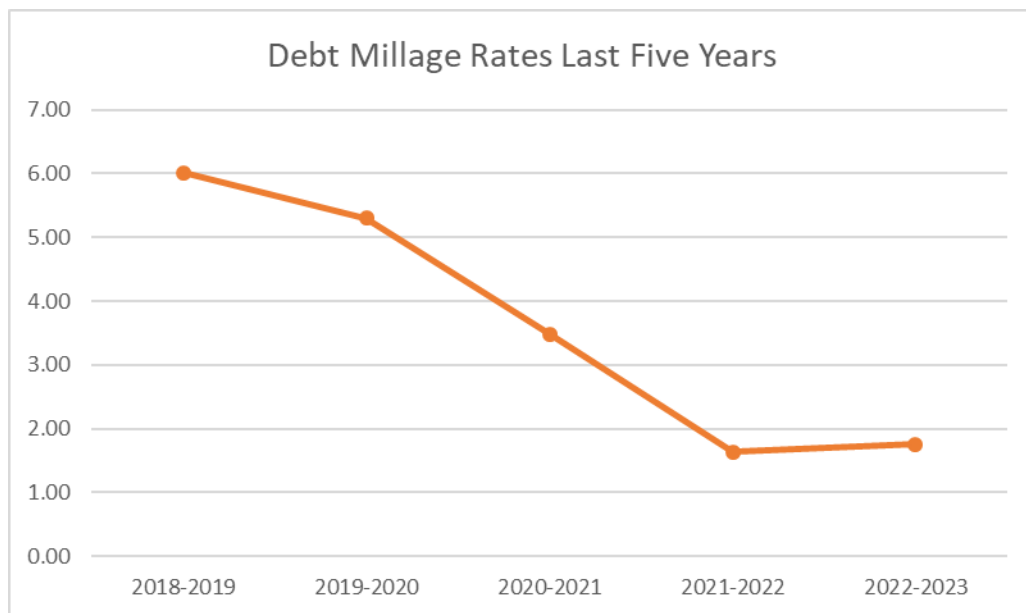
The Capital Projects Fund includes School Building and Site Bonds issued in February 2016 and March 2019 and a ten-year, 1.5 mill Sinking Fund that voters approved in November 2019. The bond proceeds will fund construction projects through 2023 and include the addition of security vestibules, replacement of heating and cooling equipment, building additions and improvements, site improvements, furniture, buses, and technology infrastructure and equipment. The Sinking Fund provides an additional source of revenue to fund facility repairs and replacement. The following chart illustrates Sinking Fund millage rates over the last five years:



Debt retirement Fund

Revenues in the Debt retirement Fund are generated by a property tax millage levied on all classes of taxable property and are used to retire the District's bonded debt. The District issued general obligation Building and Site bonds in two series for a total of \$185 million. The District currently

levies 1.76 mills to service bonded debt. The following chart illustrates debt millage rates over the last five years:



Special revenue Funds

The Special revenue Funds include Book Store, Food Service, Early Learning, and Student/School Activity. The Book Store and Food Service Funds generate revenue from goods and food sales respectively. The Book Stores are student-run, with teacher oversight as practical application of high school business class curriculum. Food services are managed by a third-party company highly experienced in the area of K-12 food service operations. Revenue in the Early Learning fund is generated from participant tuition. The Early Learning program serves the District's earliest learners from 0 to 5 years of age.

The Governmental Accounting Standards Board (GASB) issued Statement No. 84 Fiduciary Activities, which established criteria for identifying and reporting fiduciary activities for all state and local governments. In compliance with GASB Statement No. 84, effective for fiscal years beginning after Dec. 15, 2018, student and school activity revenue and expenditures will be reported in the special revenue fund. The Student/School Activity Fund generates revenue from fundraisers and staff contributions.

The Early Learning and Food Service Funds receive financial support via interfund transfers from the District's General Fund. The Early Learning program began in September of 2018 to provide daycare and early learning opportunities for children. The global pandemic that began in March 2020 necessitated the closing of the program when K-12 districts were mandated by the State to close. The program reopened on a limited basis to serve the families of essential workers. The program reopened to all families in the fall of 2020. District projections indicate that the Early Learning Fund will be self-sustained by the 2023-24 school year.

Following is a three-year comparison of revenue by fund and source:

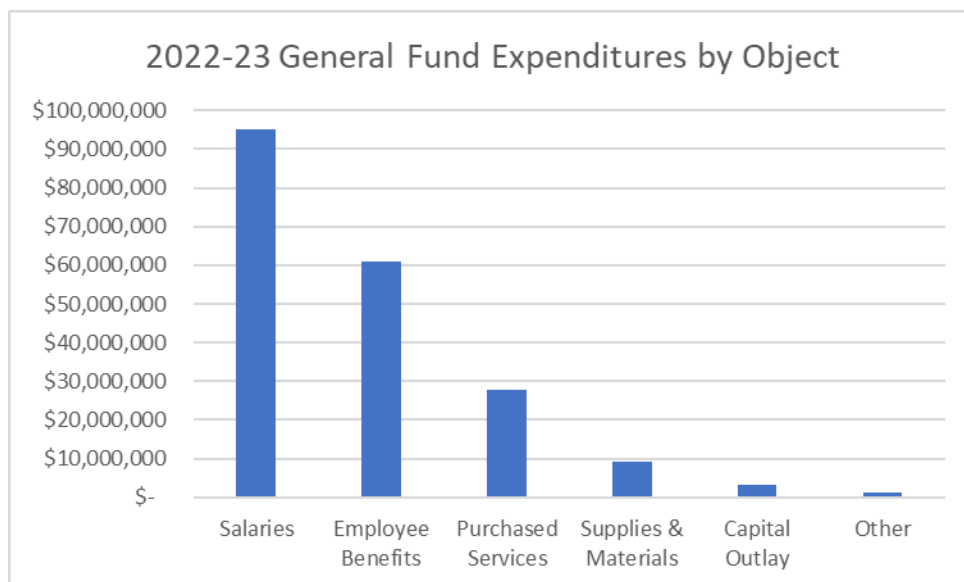
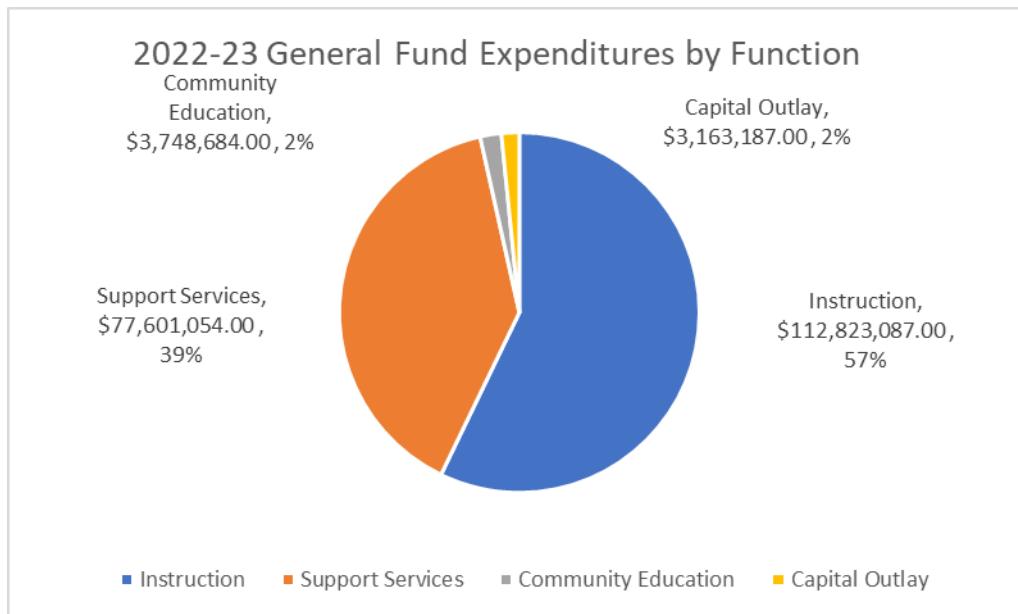
<u>Governmental Funds</u>	Budget 2022-23	Final Budget 2021-22	Actual 2020-21
General Fund			
Property Taxes	\$ 19,921,325	\$ 20,337,089	\$ 20,227,862
Other Local Sources	7,422,740	7,265,336	4,271,160
State	144,422,843	146,674,786	139,080,313
Federal	11,118,906	12,036,218	7,684,829
Interdistrict	13,454,471	12,464,041	13,005,395
Other Financing Sources	25,000	136,879	63,485
Total General Fund	196,365,285	198,914,349	184,333,044
Debt Retirement Fund			
Property Taxes	10,682,654	\$ 9,454,934	\$ 19,053,847
Interest Income	1,000	1,700	-
Total Debt Retirement	10,683,654	9,456,634	19,053,847
Capital Projects Funds			
Property Taxes	8,830,136	8,480,381	8,126,293
Interest Income	8,200	7,015	13,038
Other Local Sources	-	13,500	75,239
Total Debt Retirement	8,838,336	8,500,896	8,214,570
School Service Funds			
Local	3,243,807	3,243,807	1,310,221
Tuition	977,378	977,378	737,831
Food Sales	46,037	46,037	825
State	103,817	103,817	85,327
Federal	4,821,820	4,821,820	2,412,450
Total School Service	9,192,859	9,192,859	4,546,654
Total Revenue	<u>\$ 225,080,134</u>	<u>\$ 226,064,738</u>	<u>\$ 216,148,115</u>

Summary of Expenditures – All Funds

General Fund

The District's expenditures in the General Fund are expected to increase due primarily to employee benefit costs, the introduction of the middle and high school orchestra program, and inflationary pressures. The District supplements its permanent staff through privatization of custodial, food service, transportation, clerical and substitute teaching staff.

The following graphs illustrate 2022-23 General Fund budgeted expenditures by function and object:



Debt retirement Fund

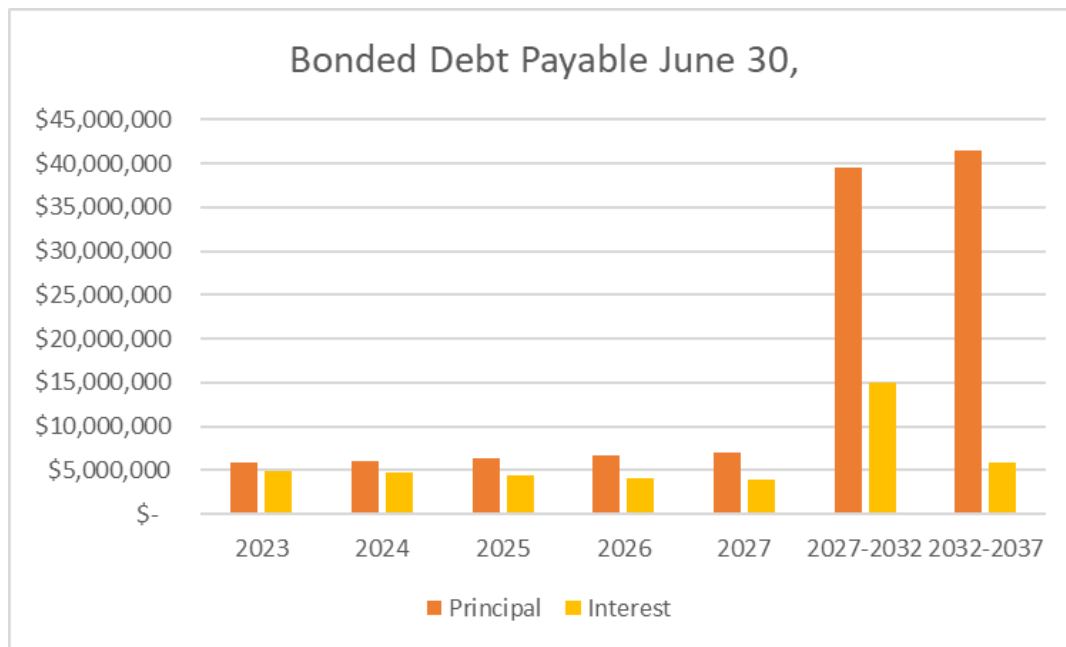
The two outstanding bond issues at June 30, 2022 are as follows:

\$108,725,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,150,000 to \$14,600,000 through May 2036; interest from 4.00% to 5.00%. \$ 70,250,000

\$56,025,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,995,000 to \$3,680,000 through May 2039; interest from 3.00% to 3.125%. 49,815,000

Total Bonds Payable \$ 120,065,000

The following table illustrates future principal and interest payments to maturity:



Capital Projects Funds

Expenditures from the 2016 Series I and II Building and Site Fund include facility, site, furniture, and equipment improvements on a district-wide basis. District priorities regarding capital projects include safety and security, facility and site infrastructure, and technology. Capital Projects are expected to continue through 2024.

Expenditures from the Capital Projects Sinking Fund will be prioritized each year to address critical facility, infrastructure, and safety needs first. Some projects may be budgeted over multiple fiscal years (such as roof and/or HVAC system replacements).

The following schedule illustrates the planned Capital Project Funds budget by Location:

<u>Location</u>	Forecast Budget 2025- 26	Forecast Budget 2024- 25	Forecast Budget 2023- 24	Budget 2022- 23
Adams High School	\$ -	\$ 40,534	\$ 97,235	\$ 547,772
Rochester High School	550,090	637,630	217,041	136,943
Stoney Creek High School	-	802,109	217,041	136,943
Schultz Educational Center	-	40,534	6,077	8,217
Hart Middle School	36,219	399,389	20,836	219,109
Reuther Middle School	42,024	64,988	2,326,683	2,738,862
Van Hoosen Middle School	7,197	48,775	2,308,451	849,047
West Middle School	819,807	517,610	18,231	2,574,615
Baldwin Elementary	307,050	285,422	16,295	21,911
Brewster Elementary	90,860	95,435	16,295	17,679
Brooklands Elementary	908,113	604,466	169,092	564,206
Delta Kelly Elementary	2,480,513	1,515,114	16,295	1,274,203
Hamlin Elementary	593,517	387,275	16,295	2,222,926
Hampton Elementary	90,860	94,760	39,735	273,886
Hugger Elementary	72,286	82,599	25,410	1,402,460
Long Meadow Elementary	526,767	367,346	534,923	136,943
McGregor Elementary	108,273	103,542	63,176	1,933,122
Meadow Brook Elementary	492,522	327,151	8,481	-
Musson Elementary	265,571	198,660	18,899	273,886
North Hill Elementary	85,636	96,111	18,899	-
University Hills Elementary	314,908	152,857	140,442	1,541,035
Caring Steps Children's Center	-	650,482	3,473	222,293
Administration Center/District	-	40,534	1,302,248	-
Facilities & Grounds	-	40,534	4,341	-
Transportation	-	40,534	-	1,667,194
Total	<u>7,792,213</u>	<u>7,634,391</u>	<u>7,605,894</u>	<u>18,763,252</u>

Special revenue Funds

The district purchased a school building in early 2018 and began operating an Early Learning program in the fall of that year. This program serves children aged 0 – 5 and receives tuition revenue from participating families.

The Book Store program is operated by high school students under the direction of a teacher and the store charges its customers the cost of supplies plus a modest markup.

The Food Service program receives state and federal funding as well as revenue from food sales. Excess revenue is used to improve kitchen equipment and the food service program.

GASB Statement No. 84 established criteria for identifying and reporting fiduciary activities for all state and local governments. The Student/School Activity Fund generates revenue from fundraisers and staff contributions.

The following chart illustrates a three-year comparison of expenditures by fund and object:

<u>Governmental Funds</u>	<u>2022-23 Budget</u>	<u>2021-22 Final Budget</u>	<u>2020-21 Actual</u>	<u>% Change</u>
General Fund				
Salaries	\$ 95,104,086	94,965,505	96,201,666	(0.01)
Benefits	60,856,724	60,831,998	64,777,714	(0.06)
Purchased Services	27,844,883	28,621,817	23,866,726	0.17
Supplies & Materials	9,081,589	9,718,839	7,525,581	0.21
Capital Outlay	3,163,187	1,232,909	546,175	4.79
Other	<u>1,407,480</u>	<u>4,341,288</u>	<u>2,714,978</u>	(0.48)
Total General Fund	197,457,949	199,712,355	195,632,840	0.01
Debt Retirement Fund				
Principal Payments	5,800,000	5,575,000	13,365,000	(0.57)
Interest & Other Fees	<u>5,008,519</u>	<u>5,244,269</u>	<u>5,876,479</u>	(0.15)
Total Debt Fund	10,808,519	10,819,269	19,241,479	(0.44)
Capital Projects Funds				
Capital Projects	<u>18,763,252</u>	<u>16,268,623</u>	<u>29,782,947</u>	(0.37)
Total Capital Projects	18,763,252	16,268,623	29,782,947	(0.37)
Special Services Funds				
Salaries	19,521	19,521	45,286	(0.57)
Benefits	11,057	11,057	30,247	(0.63)
Purchased Services	3,168,869	2,818,869	2,118,147	0.50
Supplies & Materials	2,402,547	2,402,547	1,133,894	1.12
Capital Outlay	730,135	380,135	490,165	0.49
Other	<u>3,121,284</u>	<u>3,121,284</u>	<u>1,219,707</u>	1.56
Total School Service	<u>9,453,413</u>	<u>8,753,413</u>	<u>5,037,446</u>	0.88
Total All Funds	<u>\$ 236,483,133</u>	<u>\$ 235,553,660</u>	<u>\$ 249,694,712</u>	(0.05)

Summary of Fund Balances – All Funds

Fund balance classifications are categorized according to a hierarchy based on the extent to which a district must observe constraints upon the use of its resources. These classifications include non-spendable, restricted, committed, assigned, and unassigned.

First, a distinction is made for amounts that are considered non-spendable, such as fund balance associated with inventories. After non-spendable amounts have been identified, a distinction is made based on the relative strength of the constraint that controls how an amount can be spent.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through legislation. Debt retirement on installment loans is an example of this.

Committed fund balance includes amounts that can be used only for specific purposes determined by formal action of the Board. Early retirement incentive payments could be classified as committed fund balance.

Amounts in the Assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. Examples are amounts designated for the cost of compliance with ADA requirements, insurance deductibles, contingencies for the outcomes of lawsuits, and others.

Unassigned fund balance includes all spendable amounts not contained in other classifications.

The following chart illustrates a three-year comparison of fund balances by fund. The budgeted General Fund balance is stable. This is due primarily to the District's efforts to maintain a balance between expenditures and available revenues. Fund balance is primarily used to stabilize funding for programs in the event of a reduction in revenue during the school year. The Capital Projects fund balance decreases as capital projects are completed. Food Service and Book Store fund balances will remain stable or slightly decrease as excess revenues are invested in various ways to improve the programs. Fund balances are illustrated as follows:

Governmental Funds

	2022-23 Budget	2021-22 Final Budget	2020-21 Actual
Fund Balances			
General Fund	\$ 36,714,628	\$ 37,807,292	\$ 38,610,298
Debt Service	1,066,977	1,191,842	2,554,477
Capital Projects	1,323,146	11,248,062	19,015,789
School Service	3,078,127	3,216,744	2,655,361
Total	<u>\$ 42,182,878</u>	<u>\$ 53,463,940</u>	<u>\$ 62,835,925</u>

Significant Trends

Enrollment and State Aid are two of the most significant trends that impact the district. State-wide K-12 fall student enrollment declined approximately 8.6% between 2012-13 and 2021-22, while District enrollment declined less than 1% during the same period. The full economic impact of the global pandemic on school funding and student enrollment is unknown at this time.

Financial and Demographic Changes

Since 2010, the city of Rochester Hills has experienced an increase in households earning greater than \$125,000 annually, while households earning less than \$75,000 have declined. The district has also experienced an increase in expatriates and English language learners.

The district, which covers an approximately 66-square-mile area in the southeastern portion of Michigan's Lower Peninsula, serves an estimated population of 93,000 and is located primarily in Oakland County with a small portion in western Macomb County. District residents have access to jobs in Oakland County, the corporate headquarters of FCA US LLC (Fiat Chrysler) as well as several General Motors facilities. Investment in automotive-related research and development of new technologies (such as autonomous driving) has led to new business in the area.

Budget Forecasts

Three-year budget forecasts for all governmental funds are summarized as follows:

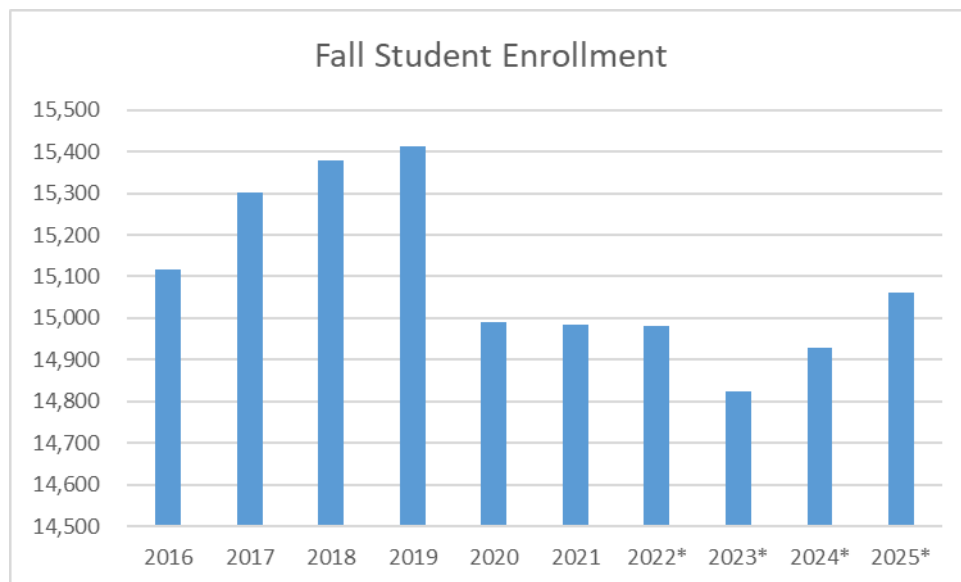
	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
<u>General Fund</u>				
Revenue	\$ 194,445,157	\$ 192,966,090	\$ 191,479,949	\$ 184,872,962
Expenditures	193,886,352	191,812,972	190,998,751	186,713,191
Change in fund balance	558,805	1,153,118	481,198	(1,840,229)
Fund balance - July 1	36,525,411	35,372,293	34,891,095	36,731,324
Fund balance - June 30	\$ <u>37,084,216</u>	\$ <u>36,525,411</u>	\$ <u>35,372,293</u>	\$ <u>34,891,095</u>
<u>Debt Retirement Fund</u>				
Revenue	\$ 10,819,577	\$ 10,784,041	\$ 10,766,775	\$ 9,555,749
Expenditures	10,890,768	10,855,268	10,838,019	10,819,769
Change in fund balance	(71,191)	(71,227)	(71,244)	(1,264,020)
Fund balance - July 1	1,131,214	1,202,441	1,273,685	2,537,705
Fund balance - June 30	\$ <u>1,060,023</u>	\$ <u>1,131,214</u>	\$ <u>1,202,441</u>	\$ <u>1,273,685</u>
<u>Capital Projects Fund</u>				
Revenue	\$ 9,392,095	\$ 9,200,527	\$ 9,013,355	\$ 8,838,336
Expenditures	7,792,217	7,634,389	7,605,892	22,095,376
Change in fund balance	1,599,878	1,566,138	1,407,463	(13,257,040)
Fund balance - July 1	10,614,465	9,048,327	7,640,864	20,897,904
Fund balance - June 30	\$ <u>12,214,343</u>	\$ <u>10,614,465</u>	\$ <u>9,048,327</u>	\$ <u>7,640,864</u>

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
<u>School Service Funds</u>				
Revenue	\$ 8,366,882	\$ 8,148,141	\$ 7,940,435	\$ 7,745,967
Expenditures	8,389,493	8,376,905	8,174,559	7,685,356
Change in fund balance	(22,611)	(228,764)	(234,124)	60,611
Fund balance - July 1	1,961,636	2,190,400	2,424,524	2,363,913
Fund balance - June 30	\$ 1,939,025	\$ 1,961,636	\$ 2,190,400	\$ 2,424,524

Student Enrollment

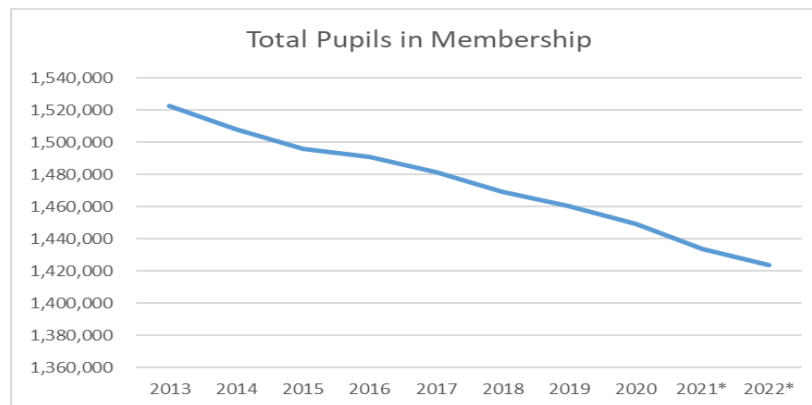
Blended enrollment in the district declined by 338 full-time-equivalent (FTE) students between the 2020-21 and 2021-22 school years based on the pre-pandemic blended rate of 90% of the fall and 10% of the previous spring student counts. The district expects minimal change in enrollment for the 2022-23 school year. Third-party projections indicate flat enrollment through 2025-26. Rochester Community Schools is a Michigan public school district geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

Actual and projected District fall student enrollment is illustrated as follows:



*Projected

State-wide student enrollment decreased between 2003-04 and 2021-22 by approximately 264,902 students. The State Fiscal Agency projects a state-wide decline of approximately 149,000 each year through 2022-23 illustrated as follows:



Source: Senate Fiscal Agency

Enrollment is important to the financial health of the district because state funding is based on a per-pupil formula.

Tax Base & Rates

Michigan school districts are funded for General Fund operations according to the following basic formula:

$$\text{Foundation Allowance} \times \text{student count} - \text{local non-homestead property taxes} = \text{State Aid}$$

The foundation allowance is determined annually according to the level of funding available in the State School Aid Fund budget. The School Aid Fund is financed by restricted taxes including a 6% property tax, lottery revenue, and a grant from the State's General Fund. The student count is a blended count and is determined by blending the number of students in attendance on the February count date with the number of students in attendance on the October count date in the same calendar year.

Districts are authorized by the State to levy up to 18 mills on non-homestead property located within their boundaries, which includes apartment buildings, rental homes, vacation property, vacant land, and commercial and industrial property; however, the Headlee amendment of 1978 included a provision that a community's total property tax base should not increase faster than the inflation rate. This legislation rolls back the maximum authorized millage rate for each taxing unit to the extent that the total tax base increases more than the rate of inflation. The Headlee amendment occurs in high-growth areas, is triggered when non-homestead property is sold and re-valued at a growth rate higher than inflation, and permanently reduces the amount that can be levied on non-homestead property. The State of Michigan assumes that all districts are levying 18 mills for its calculation of State Aid. When the

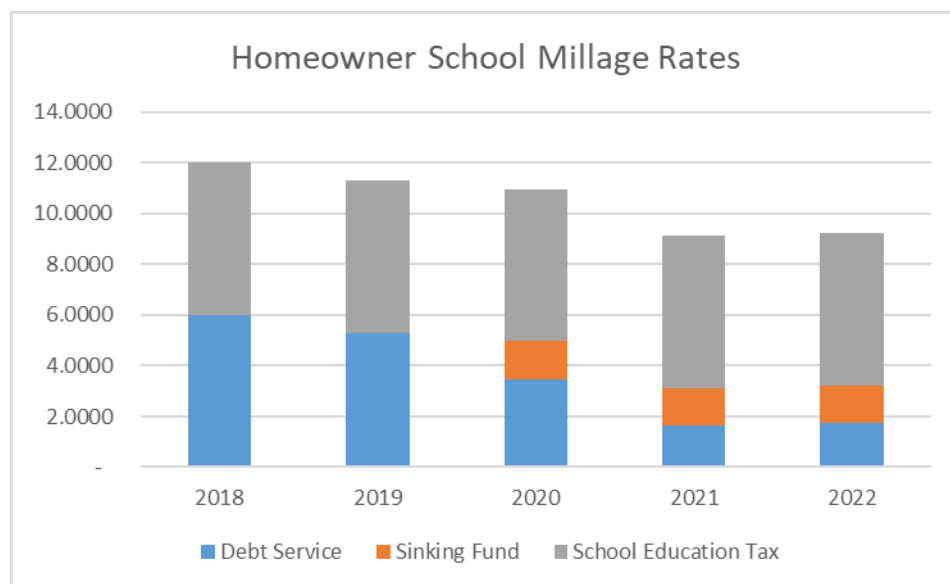
Headlee amendment occurs, Michigan public school districts could receive less than the allocated Foundation Allowance by the amount of the Headlee rollback.

The district's 10-year operating millage renewal was approved by the voters of the community in May of 2014. The current authorized millage is 18.5431 mills, which provides a cushion in the event that the Headlee Amendment is triggered by economic conditions. The operating millage authorization expires with the summer 2024 levy.

The following chart illustrates the district local tax base and rates for the past five years:

School Year	Local Tax Base		Operating (Non-Homestead Property)	Debt Service	Sinking Fund	Total Millage
	Assessed Value (All Property)	Assessed Value (Non-Homestead Property)				
2018	4,964,786,455	1,009,833,377	18.0000	6.0100	-	24.0100
2019	5,254,544,858	1,077,167,274	18.0000	5.3000	-	23.3000
2020	5,510,847,109	1,131,976,851	18.0000	3.4800	1.4874	22.9674
2021	5,753,618,092	1,267,773,507	18.0000	1.6400	1.4732	21.1132
2022	6,032,757,783	1,269,632,332	18.0000	1.7600	1.4630	21.2230

The current homeowner millage rate totals 9.2230 mills which includes a state education tax of 6 mills, a debt levy of 1.76 mills, and a sinking fund levy of 1.4630 mills. District millage rates for the last five years can be illustrated as follows:



Personnel Resources

Staffing levels are determined by a variety of factors including enrollment size, available classroom space and budget constraints. The district strives to maintain a pupil/teacher ratio of 26/1 in Kindergarten through second grade, 27/1 in grades 3 - 5, and 28/1 in grades 6 – 12. Pupil/teacher ratios have been at or near targeted levels during the past several years while the district has achieved or maintained many of its Strategic Plan goals.

The following charts illustrate the District's actual and projected staffing levels:

Full-Time Equivalent (FTE)

Position	Actual*			
	2018-19	2019-20	2020-21	2021-22
Certified Staff	906	906	906	906
Administrators	34	34	34	34
Secretaries	86	86	86	86
Maintenance/Grounds/Technicians	39	39	39	39
Paraprofessionals	277	277	277	277
Executive Staff/Directors	10	10	10	10
Total FTE	1,352	1,352	1,352	1,352

Position	Projected**			
	2022-23	2023-24	2024-25	2025-26
Certified Staff	906	906	896	903
Administrators	34	34	34	34
Secretaries	86	86	86	86
Maintenance/Grounds/Technicians	39	39	39	39
Paraprofessionals	267	267	267	267
Executive Staff/Directors	10	10	10	10
Total FTE	1,342	1,342	1,352	1,352

*Source: district records

**Based on student enrollment projection

Long-Term Debt

The district levies property taxes on all classes of property (not subject to rollback) for the specific purpose of retiring debt. The collection of these taxes and the resultant repayment of debt decrease the district's long-term principal obligations and, as a result, the net assets of the district increase. The district currently levies 1.7600 mills for debt retirement.

The following is a summary of bonded debt transactions for the year ended June 30, 2022:

Balance July, 1, 2021	\$ 125,640,000
Retirements and Payments	<u>5,575,000</u>
Balance June 30, 2022	<u>\$ 120,065,000</u>

Performance Measures

The district monitors progress toward its strategic plan objectives in each of the following three goal areas: Curriculum, Instruction, and Assessment; Global Awareness; and Technology and Infrastructure.

Current progress in the area of Curriculum, Instruction, and Assessment includes the research and analysis of international baccalaureate programs, professional development of instructional staff in the Cultures of Learning program, and the implementation of summative and formative student assessments to inform instruction.

In the goal area of Global Awareness, current progress includes implementing opportunities for students to gain first-hand experience in other countries around the world. For example, since April of 2016, each year the district has provided fifteen eighth and ninth-grade students and six staff members with the opportunity to travel to China for ten days. While there, the students are immersed in the language and culture of the world's second largest economy. Additionally, the district offers international students the opportunity to study and earn credits at three of the high schools. The district has 15 international students representing six different countries, including Spain, Brazil, Germany, China, Vietnam, and Japan.

Expanding world languages through the RCS K-12 curriculum is also part of the Global Awareness initiative. In 2014-2015, the district introduced Chinese language and culture exposure in all of its elementary schools, as well as middle schools at the seventh-grade level. All first, second, third and fourth graders receive 30 minutes of instruction per week, and seventh graders receive a two-week block as part of the Introduction to World Language course. High school students are also provided the opportunity to study international languages in Chinese, Spanish, French, and German.

Current progress in the area of Technology and Infrastructure includes community support of \$185 million in bonded debt to enhance security, build classroom additions, renovate aging buildings, and purchase buses. These capital projects will be completed over the next five years. Tax revenue generated by the sinking fund levy approved by voters in November of 2019 will provide for critical facility repair and replacements. The ten-year, 1.5 mil sinking fund levy will enable the district to keep its physical plant in good repair and reallocate General Fund dollars for instructional programs and other operating costs.

Conclusion

The full impact of the global pandemic that began in early 2020 and continues through the date of this report is currently unknown. It is currently not possible to estimate the duration or severity of the potential impact of the pandemic on the district. The proposed balanced budget is based upon estimated available resources. We thank the members of the Board of Education for their continued guidance and support. Copies of this document are available for public distribution upon request and are available through the transparency link on the District's web site at www.rochesterschools.k12.mi.us.

Respectfully Submitted,

Robert Shaner

Robert Shaner, Ph.D.
Superintendent

Dana J. Taylor

Dana J. Taylor, CPA, CFF
Deputy Superintendent for Business Affairs



Meritorious Budget Award



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

ROCHESTER COMMUNITY SCHOOLS

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2021–2022.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.



A handwritten signature in black ink, reading 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

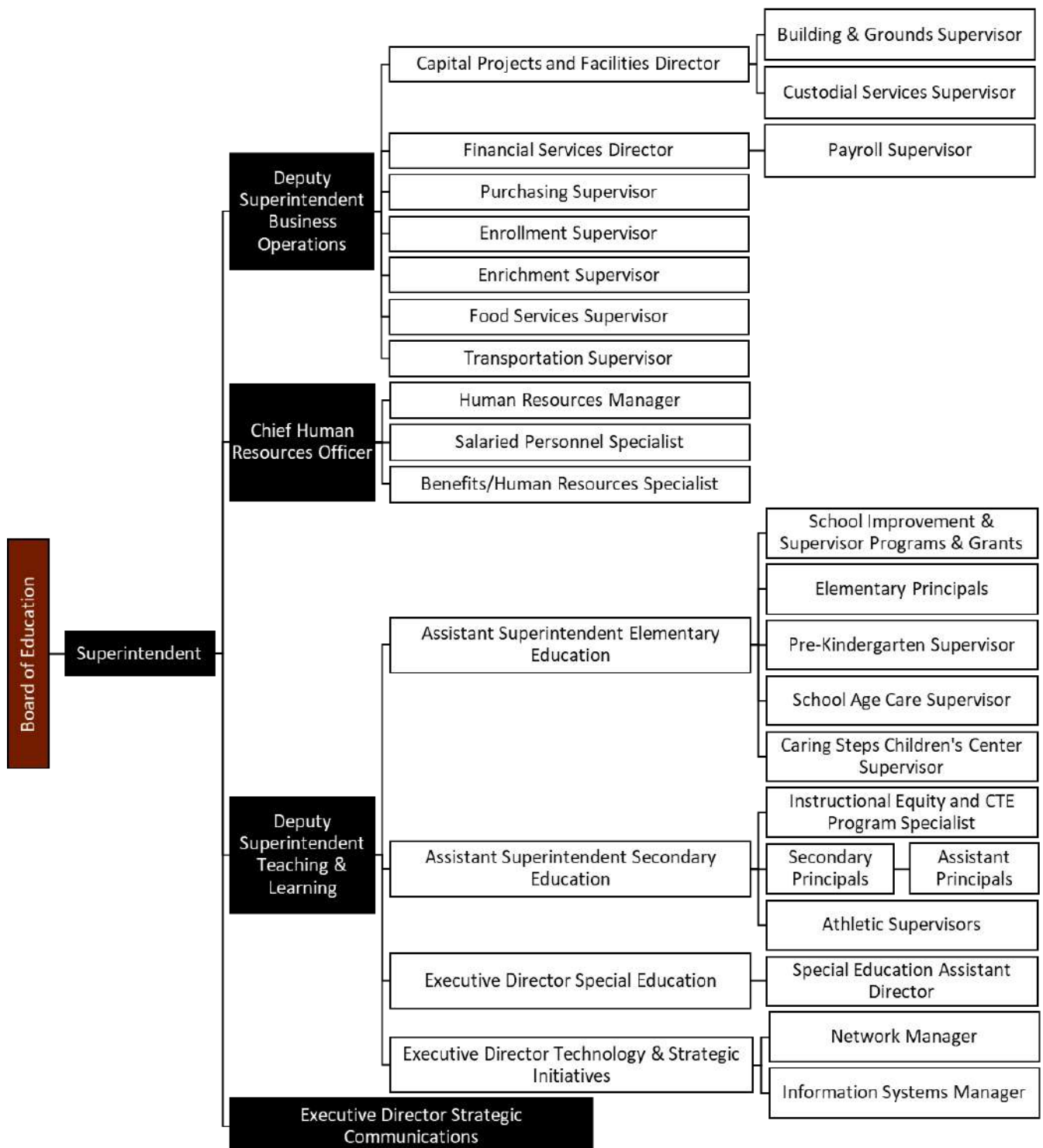
David J. Lewis
Executive Director

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Rochester Community Schools Organizational Section



Administration Organizational Chart



School Building Administrative Staff

One school principal is assigned to each of the thirteen elementary school buildings. One school principal and one assistant principal is assigned to each of the four middle schools. One school principal, two assistant principals, and one athletic supervisor are assigned to each of the three high schools.

Governance and Fiscal Independence

The District is governed by a Board of Education comprised of seven board members. Each board member is elected. Board members serve for a period of six years at which time they may choose to run for re-election. School Board members at June 30, 2022 are as follows:

Name	Position	Term Expires December 31
Kevin Beers	President	2026
Kristin Bull	Vice President	2022
Michelle Bueltel	Tresurer	2022
Joseph Pittel	Secretary	2024
Barb Anness	Trustee	2024
Jessica Gupta	Trustee	2024
Scott Muska	Trustee	2026

The Michigan Budgeting and Accounting Act (Act 2 of 1968) established a uniform budgeting and accounting system for local units of government. In accordance with this Act, the Board of Education directly appoints one principal officer, the Superintendent (MCL 141.434). Other administrative employees are recommended by the Superintendent for approval by the Board.

The adopted budget of the Board of Education represents the legal authority for the school district to spend money. The budget is formally adopted at a public budget hearing by July 1 each year. The budget is based on the board's appropriation priorities and resources.

The District is fiscally independent. The laws of the State of Michigan give the District power to levy taxes, determine fees, approve and modify budgets, and issue debt without approval from any other government. The District is also subject to the general oversight of the Michigan State Board of Education.

History, Location and Demographics

Rochester Community Schools provides public education to students in kindergarten through twelfth grades. Additional services include programs for children ages 0-3 years, preschool programs, before and after school care for school age children, adult education, and community enrichment classes for all ages.

The District is the eighth largest public school in the State of Michigan and includes all or part of seven Michigan South Eastern municipalities:

Rochester, Rochester Hills, Oakland Township, Auburn Hills, Lake Orion, Washington Township and Shelby Township. This large suburban district operates four high schools, four middle schools, thirteen elementary schools, an early childhood education center, and an adult education center.

Student Enrollment by Building

Fall 2021 general education student enrollment totaled 14,985 Full-Time Equivalent (FTE) students. Student enrollment by building is as follows:

Grade/Category	Grade Level	FTE
Elementary Schools:		
Baldwin	K-5	571
Brewster	K-5	372
Brooklands	K-5	490
Delta Kelly	K-5	649
Hamlin	K-5	413
Hampton	K-5	489
Hugger	K-5	506
Long Meadow	K-5	586
McGregor	K-5	456
Meadow Brook	K-5	375
Musson	K-5	511
North Hill	K-5	490
University Hills	K-5	408
Total		6,316
Middle Schools:		
Hart	6-8	1,066
Reuther	6-8	683
Van Hoosen	6-8	863
West	6-8	846
Total		3,458
High Schools:		
Adams	9-12	1,683
Rochester	9-12	1,802
Stoney Creek	9-12	1,659
Total		5,144
Other: Shultz Educational	Multi	67
Grand Total		14,985

Fall 2021 total student enrollment by grade and category is as follows:

Grade/Category	2021
Elementary Schools:	
Kindergarten	1,189
1st Grade	959
2nd Grade	1,051
3rd Grade	1,015
4th Grade	1,066
5th Grade	1,142
Total	6,422
Middle Schools:	
6th Grade	1,065
7th Grade	1,109
8th Grade	1,121
Total	3,295
High Schools:	
9th Grade	1,205
10th Grade	1,183
11th Grade	1,211
12th Grade	1,247
Total	4,846
Special Populations	422
Grand Total	14,985

Prior to the onset of the COVID-19 global health pandemic, district enrollment had remained steady with growth of approximately 266 student FTE since the fall of 2013. Due to the COVID-19 pandemic, District enrollment declined by 420 students between the fall of 2019 and the following fall. Since then, District enrollment has remained flat and the District's most recent enrollment projection shows stable enrollment through the fall of 2025.

The primarily residential community is ranked in the Niche top 25 Best Places to live in Michigan. Assessed property values increased approximately 16% between 2017 and 2020.

Mission and Vision of the District

The mission of Rochester Community Schools is to provide a quality education in a caring atmosphere for students to attain the necessary skills and knowledge to become lifelong learners and contribute to a diverse, interdependent, and changing world.

The vision statements adopted June of 2010 are as follows:

COLLEGE READY: In preparation for the academic and intellectual challenges of a college education, Rochester Community Schools' students will pursue the most rigorous course of study, according to their ability. Students will explore, recognize and refine their academic interests and individual talents. Students will meet college readiness standards in the core academic subjects of language arts, math, science, social studies and demonstrate proficiency in world language. Students will develop the tools of critical and creative thinking, self-reliance and motivation.

CAREER READY: Rochester Community Schools recognizes that most careers demand that students have some level of college education. Regardless of their individual academic pursuits, students will have the skills needed to seek and maintain employment. Students will develop the self-discipline and work ethic necessary to be successful in both an independent and a collaborative work environment. Students will also develop creative problem solving, verbal communications and human interaction skills in order to meet the challenges of a global, dynamic economy.

LIFE READY: Rochester Community Schools' graduates will recognize that both the individual and society benefit from an informed and involved citizenry. A firm understanding of our core democratic values is necessary in order to promote and strengthen our democratic way of life. Students will become aware of cultural differences and learn to express and respect diversity of opinion in order to be successful in the world at large. To be successful in their daily lives students will be provided opportunities to develop financial, technical, healthy lifestyle and interpersonal skills.

Strategic Plan Goals and Objectives

The District continues to follow objectives that were developed in 2014 by district staff and community members as part of the District's strategic planning process. The next iteration of the strategic plan was postponed due to the COVID-19 global health pandemic. The District is in the process of planning to hold a series of strategic planning committee meetings to identify and define objectives and goals for the next five years. The objectives identified in 2014 are as follows:

Global Awareness

Rochester Community Schools will challenge students through dynamic cultural experiences, to be empowered global stewards, and inspire them to have a positive impact on their community, country, and world.

Curriculum/Instruction/Assessment

Rochester Community Schools will develop innovative, self-directed learners who think critically, communicate effectively and persevere to positively impact the world.

Infrastructure & Technology

Rochester Community Schools will ensure a world-class education by focusing resources on developing and enhancing assets which include people, innovative partnerships, state-of-the-art technologies and facilities.

Strategies have been developed and action plans implemented to help the District reach each of its Strategic Plan objectives. Progress toward the objectives is monitored on an on-going basis and presented to the Board of Education at regular intervals.

Estimated Costs of Goals and Objectives

Action plans must be measurable and are budgeted prior to implementation. The following action plans are included in the General Fund budget:

Global Awareness - World Languages. The District expanded its world language program with the addition of Chinese language instruction and the development of sister schools located in China. Additionally, several field trips to China have expanded student cultural awareness of that nation and many students and their chaperones have developed life-long friendships with their host families. The district invests approximately \$5.5 million each year in foreign language instruction.

Curriculum/Instruction/Assessment – Professional Learning. Teachers engage in regular professional development training through a variety of classes, workshops, and seminars. The knowledge gained from professional training is used to improve instruction in the classroom. The district invests approximately \$458,000 in professional development training each year.

Infrastructure and Technology - 2016 Bond Issue. The District facilitated a detailed needs study to determine infrastructure and technology needs. As a result of that study, the community approved up to \$185 million in bonded debt. The District issued the bonds in two series: Series one for \$128 million, and Series two for \$57,000,000. These issues were to fund the construction of security vestibules at all buildings, the construction of building additions and renovations, site work, and technology infrastructure, buses, and furniture and equipment. The District expects all projects to be substantially complete by September 30, 2023.

Voters residing within district boundaries approved a ten-year, 1.5 mil sinking fund levy on all classes of property in 2019. The sinking fund levy is expected to provide approximately \$8 million per year to fund critical facility repair and replacements.

Budgetary Goals

The District completes its budget with a detailed and exhaustive review of each revenue and expenditure account within the framework of the District's

mission, goals and financial policies. Budget information for each fund is included in this document.

Michigan School Improvement Framework

On March 11, 2014, the Michigan State Board of Education approved both the School Improvement Framework 2.0 and the District Improvement Framework 2.0. The revised frameworks are designed to ensure schools and school districts operate in a continuous improvement environment.

School District Improvement Plan

The school district improvement plan is aligned with its strategic plan. The school district improvement plan is comprised of four strands as follows:

1. Teaching and Learning
2. Leadership and Learning
3. Professional Learning Culture
4. School, Family, and Community Relations.

Coordination is the responsibility of the Superintendent and his/her designee. The extensive plan as well as the objectives and status are posted on the District website at www.rochester.k12.mi.us.

School Building Improvement Plan

The building-level school improvement plans are aligned with both the District improvement plan and the District strategic plan. Building level plans are also comprised of the following four strands: Teaching and Learning, Leadership and Learning, Professional Learning Culture, and School, Family, and Community Relations.

The building-level school improvement plan is developed, reviewed, and revised by a committee comprised of building staff as well as parents and/or other district residents who are not school employees. Secondary schools also include students on their building-level school improvement teams.

Fund Types

Governmental Funds

- The General Fund – This is the operating fund of the District and accounts for all revenue and expenditures except those legally required for sound financial management to be accounted for in another fund.
- Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or capital projects) that are legally restricted to expenditures for specific purposes. The District's principal special revenue fund is the Food Service Fund, which receives the majority of its revenues from state and federal sources and is legally restricted to using such revenues to provide food services to students.

- Debt retirement Fund – The Debt retirement Fund is used to account for the accumulation of resources for and payment of, principal, interest and related costs on general obligation bonds.
- Capital Projects Fund –The Capital Projects Fund is used to account for the resources for the acquisition or construction of capital facilities or equipment held by the school district.

Budget Basis and Regulations

Budgets are legally required by the Uniform Budgeting and Accounting Act (Act) and have been adopted for all governmental funds. These budgets are presented on the modified accrual basis of accounting and are adopted on a basis consistent with generally accepted accounting principles (GAAP). Unencumbered appropriations lapse at fiscal year-end. Currently, the most significant budgeted funds are the General Fund and the Capital Projects Funds.

Budget Policy

In all stages of the budget process, the Rochester Board of Education's policy states that it will adhere to all statutes and regulations imposed by the Act. The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the Act. The Act requires expenditures to be budgeted on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the District to detect violations.

Financial Accounting Standards

The District's financial and accounting structure complies with Generally Accepted Accounting Principles (GAAP) for revenue and expenditure recognition. Financial statements and reports exhibiting the current conditions of budgetary and proprietary accounts are prepared on a monthly basis during the fiscal period to control financial operations. At the close of each fiscal year, a comprehensive annual financial report covering the financial position of the school system is prepared and published following an independent audit which includes statements of scope and opinion as to the compliance with GAAP.

Fund Balance Policy

Fund balance may be used to supplement possible shortfalls in revenues, as a reserve for contractual obligations, for emergency expenditures or for other expenditures designated by the Board. In 2015, the Rochester Board of Education established a fund balance target of 10% of the General Fund operating budget. The District's unassigned fund balance as a percentage of its operating budget is illustrated in the following table:

Percentage of Unassigned Fund Balance to Expenditures
General Fund

Fiscal Year	Estimated		Actual		
	2022-23	2021-22	2020-21	2019-20	2018-19
Unassigned Fund Balance	36,714,628	37,807,292	38,610,298	38,528,790	36,334,264
Expenditures & Transfers	197,336,012	199,595,418	181,991,887	175,976,986	172,865,014
% Unassigned	18.61%	18.94%	21.22%	21.89%	21.02%

Budget Process

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District's Superintendent submits to the Board of Education a proposed budget before July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The Superintendent is authorized to transfer budgeted amounts between functions within any fund up to \$100,000 for purposes of meeting emergency needs of the District. Transfers between functions are included in the following regularly scheduled budget amendment.
4. Budgets for the General, Debt retirement, Capital Projects, and Special Revenue Funds are adopted on an annual basis consistent with generally accepted accounting principles.

Encumbrance and Expenditure Control

The District utilizes an electronic purchase order system for all purchases in excess of \$500. When a purchase order is placed, funds are encumbered (or formally recognized as committed for expenditures) in the finance system. Purchase order encumbrances are released when an item is received and the invoice is paid. Budget cards are set with total spending caps and are used for high volume, low dollar amount purchases. Purchases in amounts below the \$500 threshold do not require a purchase order prior to making the purchase.

Budget Calendar

February: The State of Michigan holds its revenue consensus meeting. Assumptions are made regarding the economy, revenue and costs for both the General and School Aid funds. State revenue consensus data is used in the development of assumptions for the subsequent year budget.

The Superintendent and Cabinet level administrators meet to discuss new-year assumptions regarding enrollment, foundation allowance, staffing levels, programs and other items that affect the budget for the following year.

March: A review of the operating budget is completed and the second of three budget amendments is created. The March amended budget is the basis for the subsequent year budget.

Projections are compiled and outcomes discussed with the Superintendent and members of the Cabinet. Any new information is incorporated into the projections. Budget reductions, if necessary, are identified and discussed. Preliminary projections are presented to the board finance committee for discussion. Projected data is presented to school administrators and labor union leadership.

April: The most current budget projections are presented to the Board Finance Committee.

May: The final budget projection is presented to the Board of Education for discussion.

June: The Truth in Taxation Budget hearing is held and the Board of Education adopts the budgets for the following year.

Budget Recognition

This document presents the financial plan of the District and is structured to meet or exceed the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO). To receive this award, the District must publish the budget as a policy document, operations guide, and financial plan and communications device.

The attainment of the MBA represents a significant accomplishment by a school district and is the highest form of recognition in budgeting. The award is made only after comprehensive review by a panel of independent budget professionals. The reviewers not only evaluate the effectiveness of the budget, but also provide commentary and feedback to the submitting district as a basis for improvement in the presentation of the budget as a financial and operating plan. The District received the MBA for its 2021-22 budget document submission.

Amendments to the Budget

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for all major funds. The school district's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements are known. The Board of Education approves budget amendments throughout the year, as necessary. The State of Michigan requires that final expenditures do not exceed the final budget.

Budget Administration and Management Process

All school principals and program directors are required to monitor their budgets and keep within the budget constraints. Those staff members with budget responsibility have real-time access to budget detail for revenue and expenditures. The Business Office Staff monitors budgeted expenditures on

a daily basis. Financial information is communicated to the Board on a monthly basis and includes the following:

- | | |
|---|---------------------------|
| *Expenditures by Fund | *Detail of disbursements |
| *Payroll and electronic funds transfers | *Property tax collections |
| *Activity (student) accounts detail | *Detail of receipts |

Key Revenues and Expenditures

Revenues and expenditures for each fund are shown in detail in the financial section of this document. Key revenues and expenditures are summarized below.

Revenues:

Unrestricted State Aid

The total amount of state aid and property tax revenue that school districts can use for general fund operating purposes was limited with the adoption of Proposal A in 1994. Basically, the gross revenue allowed by the State is the foundation allowance multiplied by the number of students in the District. This includes both state aid AND property taxes.

Categorical State Aid

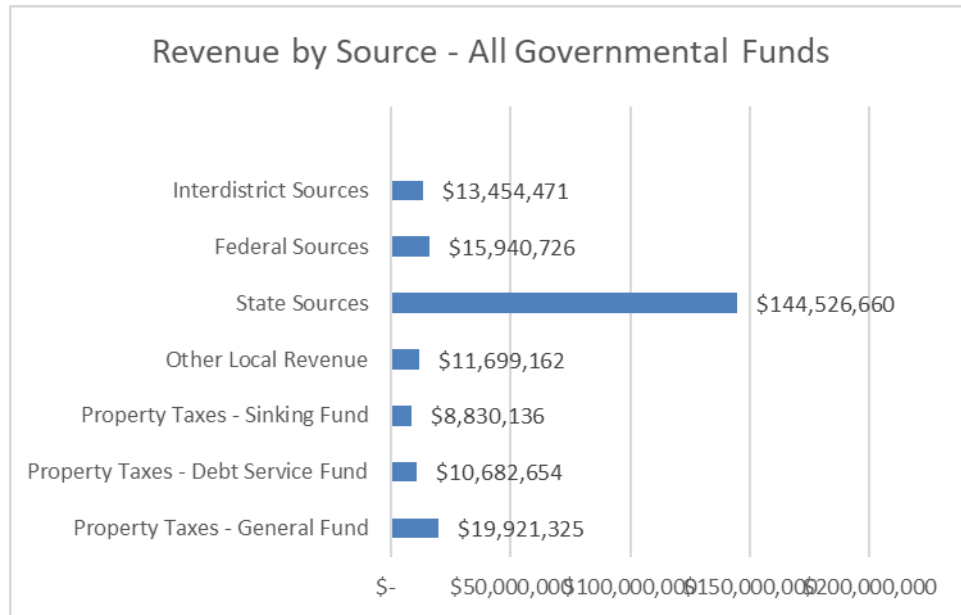
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$39.9 and \$30.4 million in 2021-22 and 2020-21 respectively. The additional categorical revenue received in 2021-22 is primarily one-time funding related to the COVID-19 pandemic.

Property Taxes

The District levies 18 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. Property values have recovered in recent years from the 2008 housing bubble. The Non-Homestead property tax levy totaled approximately \$20.23 and \$20.34 million in 2021-22 and 2020-21 respectively.

Federal Revenue – The federal government provides restricted funding (passed through the Michigan Department of Education and the Oakland School District) for specific programs. The primary areas of support are Special Education, School Lunch and Consolidated (Title) grants. The district received approximately \$7.5 and \$3.6 million in 2021-22 and 2020-21 respectively in one-time grants related to the COVID-19 global pandemic. As of the date of this report, the one-time federal funding related to the global pandemic is required to be expended by September 2023.

The following graph illustrates the District's 2022-23 budgeted revenue by source for all funds:



Functional Classifications of Expenditures

Bulletin 1022, issued by the Michigan Department of Education, serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan school districts. The District classifies its expenditures into functions set forth in Bulletin 1022.

The expenditure functions and corresponding definitions are as follows:

- **Instruction** – Activities that deal directly with the teaching of pupils or the interaction between teachers and students, whether in a classroom or in another location such as a home or hospital. Instruction may also be provided through some other approved medium such as television, radio, telephone and correspondence. Included are the activities of teachers, substitutes, aides or assistants, who assist in the instructional process.
- **Pupil Services** – Activities that are designed to assess and improve the wellbeing of students and to supplement the teaching process. Included are activities related to promoting school attendance as well as counseling, health, speech and other services.
- **Instructional Staff Services** – Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils. It includes district-wide activities designed to manage, direct, and supervise the instructional program

and improve the quality of instruction and curriculum. Library and media costs used to support instruction are also included in this category.

- **General Administration** – Activities concerned with establishing and administering policy for the entire school system. It includes such areas as the Board of Education and the Office of the Superintendent.
- **School Administration** – Activities associated with the overall administrative responsibility for a single school or group of schools including the principal, assistant principal, and other administrative and clerical staff.
- **Business Services** – These activities include business functions (accounting, budgeting, purchasing and payroll).
- **Operations and Maintenance** – Activities associated with keeping the physical plant open, comfortable, and safe for use, and keeping grounds, buildings, and equipment in good working condition.
- **Transportation** – The cost of providing management and operation of regular bus routes used to transport students to and from school.
- **Central Services** – Activities other than district administration that support each of the other instructional and supporting services programs. Communications, personnel and technology are included in this function.
- **Community Services** – Activities concerned with providing community services to students, staff or other community participants.

The following table illustrates a three-year comparison of per-pupil expenditures (including capital outlay) for the General Fund by function:

General Fund Per Pupil Expenditures			
	Budget 2022-23	Final Budget 2021-22	Actual 2020-21
Basic Instruction	\$ 7,529	\$ 7,791	\$ 7,207
Pupil	1,171	1,197	1,111
Instructional Staff	685	695	654
General Administration	144	144	109
School Administration	628	631	604
Business Services	163	163	136
Operations & Maintenance	1,149	1,129	998
Transportation	536	524	370
Central Services	499	499	406
Other Support	202	202	190
Community Education	209	215	130
Debt Service & Capital Outlay	252	131	226
	<u>\$ 13,167</u>	<u>\$ 13,321</u>	<u>\$ 12,141</u>

Key Expenditures:

Salaries and employee benefits account for approximately 80% of the total General Fund budget. The District negotiates with bargaining units for instructional and support staff as illustrated in the following table:

Employees	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	6/30/2024
Administrators	RCS Administrators Association	6/30/2023
Secretaries	Rochester Support Personnel, MEA/NEA	6/20/2024
Maintenance/Grounds/Technicians	Local 202, Council 25, AFSCME	6/30/2023
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2025
Executive Staff/Directors	Local Contracts	6/30/2023

The following support services are contracted through a third party: Food Services, Custodial and Grounds Support, Student Transportation Services, guest teachers.

During the past ten years, the School District has not experienced a strike by any of its bargaining units.

The costliest benefits provided to employees by the District include health insurance and retirement system contributions. The District is self-insured for all health, dental and vision benefits. All health plans are provided by Blue Cross Blue Shield of Michigan (BCBSM). The District contributes 80% toward employee health insurance premiums. The remaining 20% of the health insurance premium is withheld from employee pay on a pre-tax basis. Benefit payments and administrative charges are made directly to, and all claims are approved and processed through, BCBSM. The District contribution to health insurance premiums totaled approximately \$14.4 million for the year ended June 30, 2022.

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. Pension reform in 2010 created the Pension Plus plan for anyone who became a member of MPERS after June 30, 2010. The Pension Plus plan is a hybrid plan that contains a pension component with an employee contribution and a flexible and transferable defined contribution tax-deferred investment account. Pension reform in 2012 granted all active members who first became a member before July 1, 2010 a voluntary election regarding their pension. Under the 2012 reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Pension reform in 2017 created the Pension Plus 2 Plan for anyone who became a member after February 1, 2018. This plan splits the contributions 50/50 between employee and employer and can be closed to new employees if the actuarial funded ratio falls below 85% for two consecutive years without additional funds being appropriated.

The District's estimated contribution to MPERS under all pension plans for the year ended June 30, 2022 totaled \$34.2 million.

Purchased services include professional services such as legal representation, police services and auditing services. Also included in this expenditure category are conferences, water and sewer charges, postage fees, mileage and travel reimbursements, telephone charges, property and liability insurances and other expenditures.

Supplies and materials include expenditures for textbooks and other instructional supplies, library books and audio-visual materials. Also included in this category are department and program supplies, as well as building utilities and supplies for custodial and maintenance.

Capital outlay includes purchases of furniture and equipment, school buses and other vehicles, and the cost of improvements to school buildings such as remodeling, re-roofing, construction and upgrades to electrical and mechanical systems.

Expenditures not classified in any of the previous categories listed are included in an "other" category and include principal and interest payments, association dues and fees, and legal settlements.

The following table illustrates that general fund comprises 81% of all the expenditures within the governmental funds of the school district compared to 72% in the prior year. This variance is a result of the 2016 bond issue and related capital projects spending. As of June 30, 2021, expenditures totaled an estimated \$232.8 million for all district programs. The ending fund balance for all funds totaled \$62.5 million of which \$2.5 million was reserved for debt retirement.

Expenditures (in millions)						
	June 30, 2023 (Estimated)	% of Total	June 30, 2022 (Estimated)	% of Total	June 30, 2021 (Actual)	% of Total
General Fund	\$ 197,336,012	83%	\$ 199,712,355	85%	\$ 195,632,840	83%
Debt Retirement Fund	10,808,519	5%	10,819,269	5%	19,241,479	8%
Capital Projects Fund	18,763,252	8%	16,268,623	7%	29,782,947	13%
School Service Funds	9,453,413	4%	8,753,413	4%	5,037,446	2%
Total	<u>\$ 236,361,196</u>		<u>\$ 235,553,660</u>		<u>\$ 249,694,712</u>	

Fund Balance (in millions)						
	June 30, 2023 (Estimated)	% of Total	June 30, 2022 (Estimated)	% of Total	June 30, 2021 (Actual)	% of Total
General Fund	\$ 36,714,628	87%	\$ 37,807,292	71%	\$ 38,610,298	72%
Debt Retirement Fund	1,066,977	3%	1,191,842	2%	2,554,477	5%
Capital Projects Fund	1,323,146	3%	11,248,062	21%	19,015,789	36%
School Service Funds	3,078,127	7%	3,216,744	6%	2,655,361	5%
Total	<u>\$ 42,182,878</u>		<u>\$ 53,463,940</u>		<u>\$ 62,835,925</u>	

Capital Projects

The District's Capital Projects Fund is used to account for the proceeds of the 2016 Building and Site bond issues Series I and II, and the 2019 Sinking Fund levy. The 2016 bond issue projects include repair and replacement of buildings and equipment, site improvement, building additions and buses.

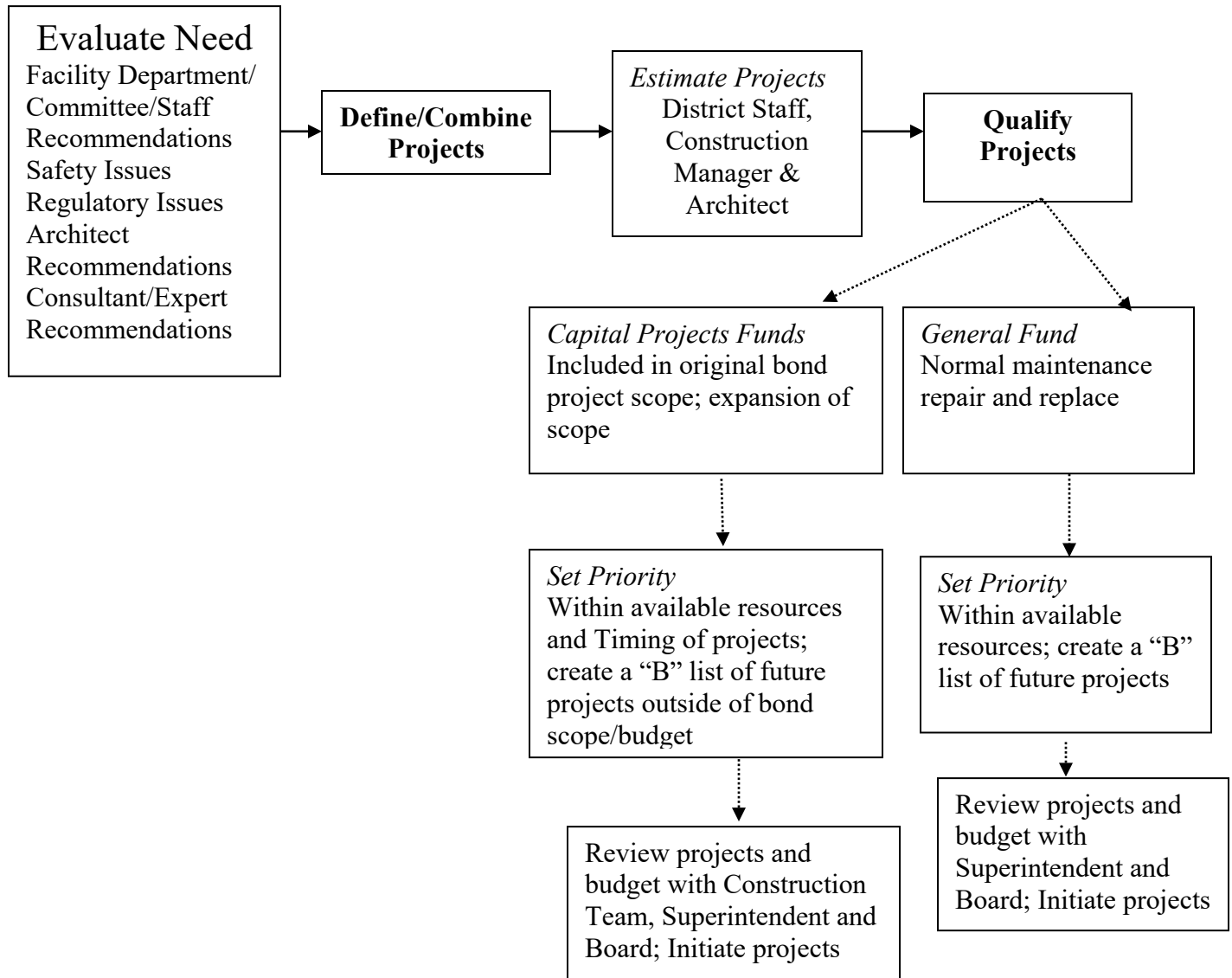
The following table illustrates the planned Capital Projects Funds expenditures by object for 2022-23:

Project	Budget		Total
	Building & Site	Sinking Fund	
Buildings & Additions	\$ 1,919,115	\$6,613,636	\$ 8,532,751
Furniture & Equipmen	6,725,225	-	6,725,225
Site Improvements	1,287,076	2,182,500	3,469,576
Other	-	35,700	35,700
Total	<u>\$ 9,931,416</u>	<u>\$8,831,836</u>	<u>\$ 18,763,252</u>



The budget for capital projects is developed according to the following flowchart:

Budget Development Flowchart



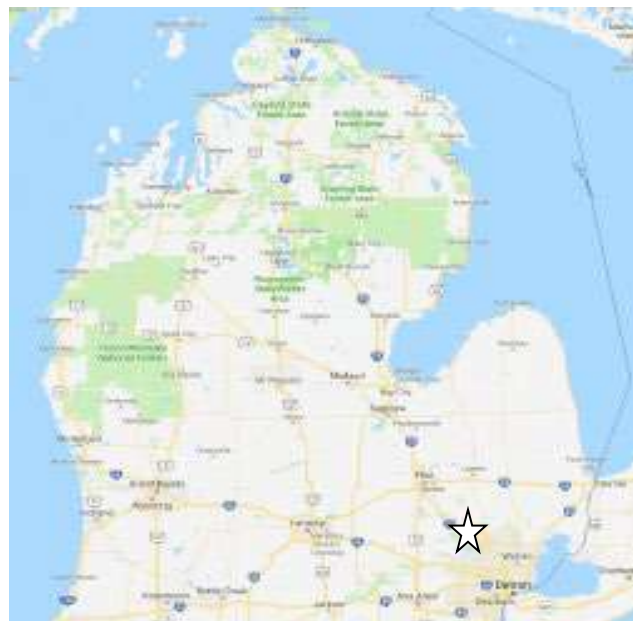
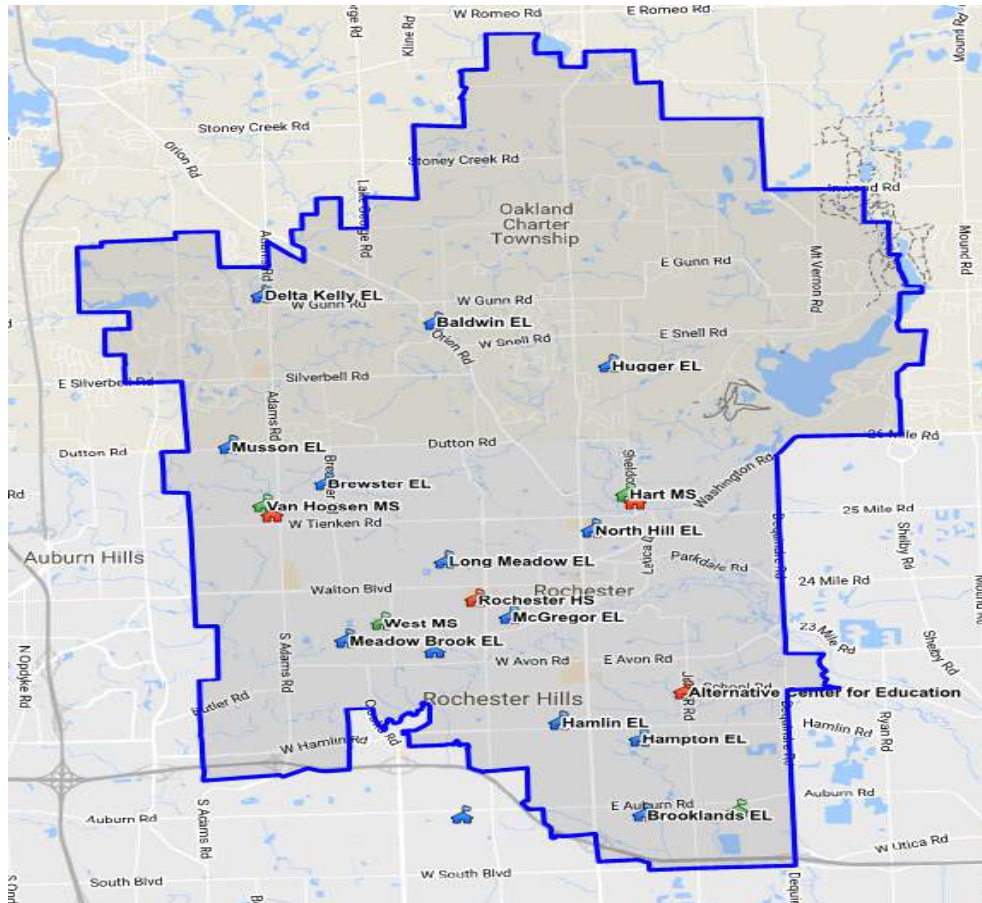
Other Sustaining Local Revenue Sources

The District currently leases cell tower space at Adams High School. There is one cell tower located on the roof of the building and one cell tower located in the football stadium.

Following is a schedule of lease revenue over the life of the lease for each of the cell towers:

Cell Tower Lease Schedule					
Location:	Adams Rooftop		Adams Light Pole		
Date:	2008		2012		
<u>Fiscal Year</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Totals</u>
Initial Payment		\$50,000		\$50,000	\$100,000
FY2009	1	26,400		-	26,400
FY2010	2	27,060		-	27,060
FY2011	3	27,737		-	27,737
FY2012	4	28,430		-	28,430
FY2013	5	29,141	1	21,600	50,742
FY2014	1-1	29,870	2	22,140	52,012
FY2015	1-2	30,617	3	22,694	53,314
FY2016	1-3	31,382	4	23,261	54,647
FY2017	1-4	32,167	5	23,843	56,015
FY2018	1-5	32,971	1-1	24,439	57,410
FY2019	2-1	33,795	1-2	25,050	58,845
FY2020	2-2	34,640	1-3	25,676	60,316
FY2021	2-3	35,506	1-4	26,318	61,824
FY2022	2-4	36,394	1-5	26,976	63,370
FY2023	2-5	37,304	2-1	27,650	64,954
FY2024	3-1	38,237	2-2	28,341	66,578
FY2025	3-2	39,193	2-3	29,050	68,243
FY2026	3-3	40,173	2-4	29,776	69,949
FY2027	3-4	41,177	2-5	30,520	71,697
FY2028	3-5	42,206	3-1	31,283	73,489
FY2029	4-1	43,261	3-2	32,065	75,326
FY2030	4-2	44,343	3-3	32,867	77,210
FY2031	4-3	45,452	3-4	33,689	79,141
FY2032	4-4	46,588	3-5	34,531	81,119
FY2033	4-5	47,753	4-1	35,394	83,147
FY2034		-	4-2	36,279	36,279
FY2035		-	4-3	37,186	37,186
FY2036		-	4-4	38,116	38,116
FY2037		-	4-5	39,069	39,069
Totals		<u>\$951,797</u>		<u>\$ 787,813</u>	<u>\$1,739,625</u>

Rochester Community Schools District Map



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Rochester Community Schools Financial Section



Description of Governmental Funds

The district accounts for its financial operations in the following governmental funds:

General Fund – the operating fund of the District is used to record all revenue and expenditures except those legally required for sound financial management to be accounted for in another fund. General Fund revenues include local funds (primarily property tax revenue); inter-district sources (primarily special education tax passed through to the District from the Intermediate School District); state funds (the District's primary funding source); and federal funds (reimbursement-based funds). General fund expenditures include instruction (both general and special education). Support services include pupil (speech therapists, psychologists, social workers, etc.); instructional staff services (professional development, library services); general (Board of Education and Superintendent offices); and others. Other supporting services include Athletics and the RCS Foundation office.

Debt Retirement Fund – used to account for the accumulation of resources for and payment of, principal, interest and related costs on general obligation bonds. Community-approved debt issues provide the revenue for the debt retirement fund.

Capital Projects Funds – used to account for the resources for the acquisition or construction of capital facilities or equipment held by the school district and include the Building & Site Fund and the Sinking Fund. The primary source of revenue for the Building & Site Fund is bond issue proceeds. Revenue in the sinking fund is provided by a ten-year community approved property tax levy.

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than fiduciary or capital projects) that are legally restricted to expenditures for specific purposes. The District's special revenue funds include the Food Service Fund, the Bookstore Fund, the Early Learning Center Fund, and the Student Activity Fund. Revenue in the bookstore, and student activity funds is primarily product sales, tuition is the primary funding source for the early learning center fund, and federal revenue and student food sales provide the primary funding for the Food Service Fund.

Declining Fund Balances

The overall decline in fund balances budgeted for the 2022-23 fiscal year reflect the additional costs of COVID-19 (general fund), the completion of construction projects related to the 2016 bond issue (capital projects fund), and measures taken to use fund balance in the food service fund to bring the district into compliance with federal regulations that restrict fund balance levels in that fund.

2022-23 Summary Budget – All Governmental Fund Types

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2022-23

	General Fund	Debt Service Fund	Capital Projects Funds	Special Revenue Funds	Total
Revenues:					
Local	\$ 27,344,065	\$ 10,683,654	\$ 8,838,336	\$ 4,267,222	\$ 51,133,277
Interdistrict Sources	13,454,471	-	-	-	13,454,471
State	144,422,843	-	-	103,817	144,526,660
Federal	11,118,906	-	-	4,821,820	15,940,726
Total Revenues	196,340,285	10,683,654	8,838,336	9,192,859	225,055,134
Expenditures:					
Instruction					
Basic Programs	92,318,294	-	-	-	92,318,294
Added Needs	20,264,991	-	-	-	20,264,991
Adult and Continuing Ed	239,802	-	-	-	239,802
Support Services					
Pupil	17,553,210	-	-	-	17,553,210
Instructional Staff	10,271,420	-	-	-	10,271,420
General Administration	2,158,306	-	-	-	2,158,306
School Administration	9,417,307	-	-	-	9,417,307
Business Services	2,441,628	-	-	-	2,441,628
Operations & Maintenance	17,219,421	-	-	-	17,219,421
Transportation	8,031,342	-	-	-	8,031,342
Central Services	7,480,543	-	-	-	7,480,543
Community Education	3,027,877	-	-	-	3,027,877
Other Supporting Services	3,130,427	-	-	9,213,013	12,343,440
Capital Projects					
Capital Outlay & Other Costs	3,163,187	-	18,763,252	240,400	22,166,839
Debt Service					
Principal	-	5,800,000	-	-	5,800,000
Capital Leases	614,257	-	-	-	614,257
Interest and Fiscal Charges	-	4,926,519	-	-	4,926,519
Other Costs	-	82,000	-	-	82,000
Total Expenditures	197,336,012	10,808,519	18,763,252	9,453,413	236,361,196
Excess (deficiency) of Revenues Over (Under) Expenditures	(995,727)	(124,865)	(9,924,916)	(260,554)	(11,306,062)
Other Financing Sources (Uses)					
Transfers, notes, sale of assets	25,000	-	-	121,937	146,937
Installment Loan Principal	-	-	(614,257)	-	(614,257)
Installment Loan Interest	-	-	-	-	-
Interfund Transfers	(121,937)	-	-	-	(121,937)
Total Other Financing Sources (Uses)	(96,937)	-	(614,257)	121,937	(589,257)
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1,092,664)	(124,865)	(10,539,173)	(138,617)	(11,895,319)
Fund Equity:					
July 1,	37,807,292	1,191,842	11,248,062	3,216,744	53,463,940
June 30,	\$ 36,714,628	\$ 1,066,977	\$ 708,889	\$ 3,078,127	\$ 41,568,621

Current Year Budget and Three Prior Years Actual – All Governmental Fund Types

	Totals (Memorandum Only)			
	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues:				
Local	\$ 49,827,177	\$ 53,816,316	\$ 60,278,369	\$ 64,959,536
County	12,464,041	13,005,395	11,983,365	11,352,304
State	146,778,603	139,165,640	135,319,509	134,872,394
Federal	16,858,038	10,097,279	5,749,804	5,222,437
Total Revenues	225,927,859	216,084,630	213,331,047	216,406,671
Expenditures:				
Instruction:				
Basic Programs	93,041,686	85,968,038	82,483,972	80,854,397
Added Needs	23,462,916	21,904,684	21,909,701	21,034,166
Adult and Continuing Ed	239,802	169,910	181,621	234,132
Support Services:				
Pupil	17,930,236	16,650,362	15,705,063	15,038,292
Instructional Staff	10,419,643	9,805,285	7,902,845	7,844,875
General Administration	2,156,706	1,639,534	1,731,407	1,238,183
School Admin	9,449,521	9,051,994	9,145,569	8,916,404
Business Services	2,441,628	2,033,151	2,059,050	1,899,724
Operations & Maintenance	16,910,599	14,957,735	13,503,354	13,804,892
Transportation	7,845,465	5,549,402	6,120,680	7,533,576
Central Services	7,480,824	6,081,860	5,830,385	5,823,147
Other Supporting Services	3,028,877	2,841,563	2,849,247	2,811,551
Community Education	3,228,006	1,949,923	3,109,165	3,293,555
Building Improvement	4,000	242,819	8,003	1,445,867
Food Service	4,485,985	2,790,976	3,401,610	3,498,453
Book Store	146,625	62,302	103,766	99,229
Early Learning Center	1,094,315	992,126	1,074,284	738,144
Student/School Activity	3,026,488	1,192,423	2,249,684	3,876,297
Capital Projects				
Capital Outlay	17,600,533	32,928,574	35,489,251	40,108,410
Debt Service				
Principal	5,575,000	13,365,000	21,820,000	21,970,000
Capital Leases	-	-	-	36,504
Interest and Fiscal Charges	5,162,269	5,789,219	6,781,374	6,132,733
Other	82,000	87,260	40,140	51,206
Total Expenditures	234,813,124	236,054,140	243,500,171	248,283,737
Excess (deficiency) of Revenues Over (Under) Expenditures	(8,885,265)	(19,969,510)	(30,169,124)	(31,877,066)
Other Financing Sources				
Bond Proceeds	-	-	-	56,025,000
Bond Premium	-	-	-	1,401,098
Total Other Financing Sources	-	-	-	57,426,098
Other Financing Sources and (Uses)				
Issuance of Long-term Debt	-	3,000,000	-	-
Bond Issuance Costs	-	-	-	(592,481)
Installment Loan Principal	(623,600)			
Installment Loan Interest				
Interfund Transfers In	121,937	2,159,649	397,705	307,220
Interfund Transfers Out	(121,937)	(2,159,649)	(397,705)	(307,220)
Sale of Capital Assets & Other	136,879	63,485	52,848	41,543
Total Other Financing Uses	(486,721)	3,063,485	52,848	(550,938)
Net Change in Fund Balance	(9,371,986)	(16,906,025)	(30,116,276)	24,998,094
Fund Balances:				
July 1,	62,835,925	79,741,950	109,858,226	84,860,132
June 30,	\$ 53,463,939	\$ 62,835,925	\$ 79,741,950	\$ 109,858,226

Next Year Budget with Three Year Forecast – All Governmental Fund Types

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues:				
Local	\$ 56,099,632	\$ 55,205,398	\$ 54,345,546	\$ 51,133,277
County	13,454,471	13,454,471	13,454,471	13,454,471
State	147,641,823	146,611,145	145,572,712	144,526,660
Federal	5,827,785	5,827,785	5,827,785	15,940,726
Total Revenues	<u>223,023,711</u>	<u>221,098,799</u>	<u>219,200,514</u>	<u>225,055,134</u>
Expenditures:				
Instruction:				
Basic Programs	90,375,652	89,444,882	88,540,513	92,318,294
Added Needs	23,315,026	23,074,906	22,841,598	20,264,991
Adult and Continuing Ed	319,228	315,940	312,746	239,802
Support Services:				
Pupil	17,687,817	17,619,510	17,553,430	17,553,210
Instructional Staff	9,496,218	9,455,551	9,415,973	10,271,420
General Administration	1,957,933	1,946,186	1,934,640	2,158,306
School Admin	9,518,792	9,480,974	9,444,406	9,417,307
Business Services	2,242,556	2,233,590	2,224,807	2,441,628
Operations & Maintenance	15,661,707	15,253,913	14,853,793	17,219,421
Transportation	8,286,132	8,034,512	7,790,291	8,031,342
Central Services	7,574,022	7,530,736	7,488,213	7,480,543
Other Supporting Services	3,055,908	3,046,348	3,037,007	3,027,877
Community Education	3,202,105	3,183,159	3,164,557	3,130,427
Building Improvement	4,000	4,000	4,000	4,000
Food Service	3,594,193	3,729,601	3,666,275	5,185,985
Book Store	203,646	199,653	195,738	146,625
Early Learning Center	1,316,636	1,268,022	1,225,528	1,094,315
Student/School Activity	3,275,018	3,179,629	3,087,018	3,026,488
Capital Projects				
Capital Outlay	8,981,473	8,823,154	9,993,669	21,921,439
Debt Service				
Principal	6,655,000	6,350,000	6,075,000	5,800,000
Capital Leases	-	-	-	-
Interest and Fiscal Charges	4,153,768	4,423,268	4,681,019	4,926,519
Other	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>
Total Expenditures	220,958,830	218,679,534	217,612,221	235,741,939
Excess (deficiency) of Revenues Over (Under) Expenditures	2,064,881	2,419,265	1,588,293	(10,686,805)
Other Financing Sources and (Uses)				
Installment Loan Principal				(614,257)
Interfund Transfers In	5,464	5,305	12,509	121,937
Interfund Transfers Out	(5,464)	(5,305)	(12,509)	(121,937)
Sale of Capital Assets & Other	-	-	-	25,000
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(589,257)</u>
Net Change in Fund Balance	2,064,881	2,419,265	1,588,293	(11,276,062)
Fund Balances:				
July 1,	46,195,435	43,776,170	42,187,877	53,463,939
June 30,	<u>\$ 48,260,316</u>	<u>\$ 46,195,435</u>	<u>\$ 43,776,170</u>	<u>\$ 42,187,877</u>

Current Year Budget and Three Prior Years Actual – General Fund

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues:				
Local	\$ 27,602,425	\$ 24,499,022	\$ 27,007,784	\$ 27,928,109
State	146,674,786	139,080,313	135,197,827	134,751,748
Federal	12,036,218	7,684,829	4,327,588	4,187,075
Interdistrict Sources	12,464,041	13,005,395	11,983,365	11,352,304
Total Revenues	<u>198,777,470</u>	<u>184,269,559</u>	<u>178,516,564</u>	<u>178,219,236</u>
Expenditures:				
Instruction:				
Basic Programs	93,041,686	85,968,038	82,483,972	80,854,397
Added Needs	23,462,916	21,904,684	21,909,701	21,034,166
Adult and Continuing Ed	239,802	169,910	181,622	234,132
Support Services:				
Pupil	17,930,236	16,650,362	15,705,063	15,038,292
Instructional Staff	10,419,643	9,805,285	7,902,845	7,844,875
General Administration	2,156,706	1,639,534	1,731,407	1,238,183
School Administration	9,449,521	9,051,994	9,145,569	8,916,404
Business Services	2,441,628	2,033,151	2,059,050	1,899,724
Operations & Maintenance	16,910,599	14,957,735	13,503,354	13,804,892
Transportation	7,845,465	5,549,402	6,120,680	7,533,576
Central Services	7,480,824	6,081,860	5,830,385	5,823,147
Other Support	3,028,877	2,841,563	2,849,247	2,811,551
Community Education	3,228,006	1,949,923	3,109,165	3,293,555
Building Improvement Services	4,000	242,819	4,000	1,445,867
Debt Service	623,600	-	-	36,341
Total Instruction and Support	<u>198,263,509</u>	<u>178,846,260</u>	<u>172,536,060</u>	<u>171,809,102</u>
Capital Outlay	<u>1,331,909</u>	<u>3,145,627</u>	<u>3,440,926</u>	<u>1,055,912</u>
Total Expenditures	<u>199,595,418</u>	<u>181,991,887</u>	<u>175,976,986</u>	<u>172,865,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(817,948)	2,277,672	2,539,578	5,354,222
Other Financing Sources (Uses)				
Transfers Out	(121,937)	(2,259,649)	(397,705)	(307,221)
Proceeds from Sale of Cap Assets	136,879	63,485	52,653	37,327
Total Other Financing Sources (Uses)	<u>14,942</u>	<u>(2,196,164)</u>	<u>(345,052)</u>	<u>(269,894)</u>
Net Change in Fund Balance	(803,006)	81,508	2,194,526	5,084,328
July 1, Fund Balance	<u>38,610,298</u>	<u>38,528,790</u>	<u>36,334,264</u>	<u>31,249,936</u>
Unassigned June 30,	<u>\$ 37,807,292</u>	<u>\$ 38,610,298</u>	<u>\$ 38,528,790</u>	<u>\$ 36,334,264</u>

Next Year Budget with Three Year Forecast – General Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues:				
Local	\$ 28,665,721	\$ 28,217,173	\$ 27,776,669	\$ 27,344,065
State	147,538,006	146,507,328	145,468,895	144,422,843
Federal	4,792,423	4,792,423	4,792,423	11,118,906
Interdistrict Sources	<u>13,454,471</u>	<u>13,454,471</u>	<u>13,454,471</u>	<u>13,454,471</u>
Total Revenues	194,450,621	192,971,395	191,492,458	196,340,285
Expenditures:				
Instruction:				
Basic Programs	90,375,652	89,444,882	88,540,513	92,318,294
Added Needs	23,315,026	23,074,906	22,841,598	20,264,991
Adult and Continuing Ed	319,228	315,940	312,746	239,802
Support Services:				
Pupil	17,687,817	17,619,510	17,553,430	17,553,210
Instructional Staff	9,496,218	9,455,551	9,415,973	10,271,420
General Administration	1,957,933	1,946,186	1,934,640	2,158,306
School Administration	9,518,792	9,480,974	9,444,406	9,417,307
Business Services	2,242,556	2,233,590	2,224,807	2,441,628
Operations & Maintenance	15,661,707	15,253,913	14,853,793	17,219,421
Transportation	8,286,132	8,034,512	7,790,291	8,031,342
Central Services	7,574,022	7,530,736	7,488,213	7,480,543
Other Support	3,055,908	3,046,348	3,037,007	3,027,877
Community Education	3,202,105	3,183,159	3,164,557	3,130,427
Building Improvement Services	4,000	4,000	4,000	4,000
Other Service	-	-	-	614,257
Total Instruction and Support	<u>192,697,096</u>	<u>190,624,207</u>	<u>188,605,974</u>	<u>194,172,825</u>
Capital Outlay	<u>1,189,256</u>	<u>1,188,765</u>	<u>2,392,777</u>	<u>3,163,187</u>
Total Expenditures	<u>193,886,352</u>	<u>191,812,972</u>	<u>190,998,751</u>	<u>197,336,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	564,269	1,158,423	493,707	(995,727)
Other Financing Sources (Uses)				
Transfers Out	(5,464)	(5,305)	(12,509)	(121,937)
Proceeds from Sale of Cap Assets	-	-	-	25,000
Total Other Financing Sources (Uses)	<u>(5,464)</u>	<u>(5,305)</u>	<u>(12,509)</u>	<u>(96,937)</u>
Change in Fund Balance	558,805	1,153,118	481,198	(1,092,664)
July 1, Fund Balance	<u>38,348,944</u>	<u>37,195,826</u>	<u>36,714,628</u>	<u>37,807,292</u>
Unassigned June 30,	\$ <u>38,907,749</u>	\$ <u>38,348,944</u>	\$ <u>37,195,826</u>	\$ <u>36,714,628</u>

Significant Changes in Fund Balance

The fund balance in General Fund is expected to decrease by approximately \$1.1 million at June 30, 2023, compared to a decrease of \$803,006 at June 30, 2022. This is due primarily to additional costs related to the COVID-19 global health pandemic that began in early 2020.

Three Year Budget Forecast Assumptions

General Fund

The District develops certain revenue and cost assumptions for its forecasted operating budget from a variety of external sources. Revenue estimates are typically based on third-party enrollment projections and estimated foundation allowance amounts included in the State budget. At the time of

this report, foundation allowance has not been estimated by the State and the impact of the global pandemic on student enrollment is unknown. Expenditure assumptions include employee compensation costs based on salary schedules, staffing levels, expected health insurance premium changes, state pension fund rates, and estimated costs related to the global pandemic. 2022-23 general fund assumptions are as follows:

	<u>2022-23</u>
Revenue:	
Foundation	\$ 9,150
Enrollment	14,693
Foundation increase	\$ 4,123,650
Increase (decrease) in enrollment	<u>(2,616,900)</u>
Estimated revenue increase (decrease)	1,506,750
Less: Property tax increase	<u>415,764</u>
Net state aid	1,090,986
Net change in federal grants	(917,312)
Change in COVID grants	(1,169,957)
Miscellaneous	<u>(1,968,545)</u>
Total change in revenues:	<u>\$ (2,549,064)</u>
Expenditures:	
Custodial contracts	\$ 308,822
Transportation contracts	229,337
Expand Strings program	315,050
Health Insurances	521,100
Retirement contributions	533,666
Grant related reductions	(4,260,241)
Miscellaneous	<u>92,860</u>
Total change in expenditures	<u>\$ (2,259,406)</u>
Total Revenue increase (decrease)	\$ (2,549,064)
Total Expenditure increase (decrease)	(2,259,406)
Net Change in Other Financing Sources (Uses)	<u>(96,937)</u>
Net change in excess (deficiency)	<u>\$ (386,595)</u>

Three-year general fund assumptions are as follows:

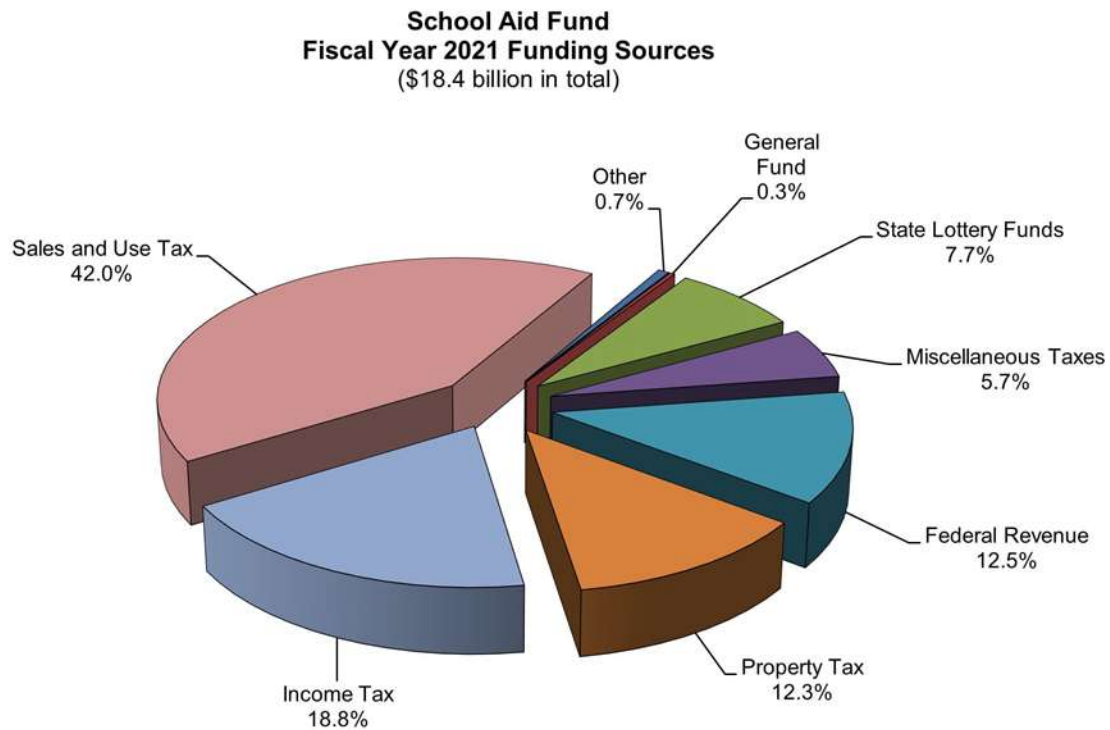
	Assumption 2023-24		Assumption 2024-25		Assumption 2025-26	
Revenue:						
Foundation	\$ 100	\$ 9,250	\$ 100	\$ 9,350	\$ 100	\$ 9,450
Enrollment	-	14,693	-	14,693	-	14,693
Expenditures:						
Custodial contracts	2.00%	\$ 344,388	2.00%	\$ 351,276	2.00%	\$ 358,302
Transportation contracts	3.00%	236,148	3.00%	243,305	3.00%	243,305
Expand Strings program		276,528		286,289		286,289
Health Insurances	3.50%	539,338	3.50%	558,215	3.50%	558,215
Retirement contributions	1.20%	540,070	1.20%	546,551	1.20%	546,551
Grant related reductions		(6,671,089)		-		-
Miscellaneous		(1,602,644)		(1,171,415)		80,718

Significant Revenue Sources

Michigan's method for funding public education changed significantly in 1994 with Proposal A. Prior to Proposal A, public schools were primarily funded with local property taxes (approximately 69%), with the remaining 31% from state funding. All property owners paid on average 33 mills for school operations assessed on the State Equalized Value of property (roughly 50% of market value). Proposal A changed the public-school funding mechanism to a per-student foundation allowance.

In order to fund this change, the state increased a variety of taxes including sales tax, which increased from 4% to 6% with the additional 2% dedicated to the School Aid Fund. All property (including homestead property) was assessed a 6% State Education Tax. Local taxation for school operations became capped at 18 mills levied on the *taxable value* of non-homestead property, with no levy on homesteads for school operations. Non-homestead property includes all property except a taxpayer's primary residence including non-commercial agricultural property. Increases in the taxable value of property is capped at the lesser of the rate of inflation or 5%. State equalized value is not subject to a cap, and taxable value is adjusted to equal the State Equalized Value when a property transfers ownership.

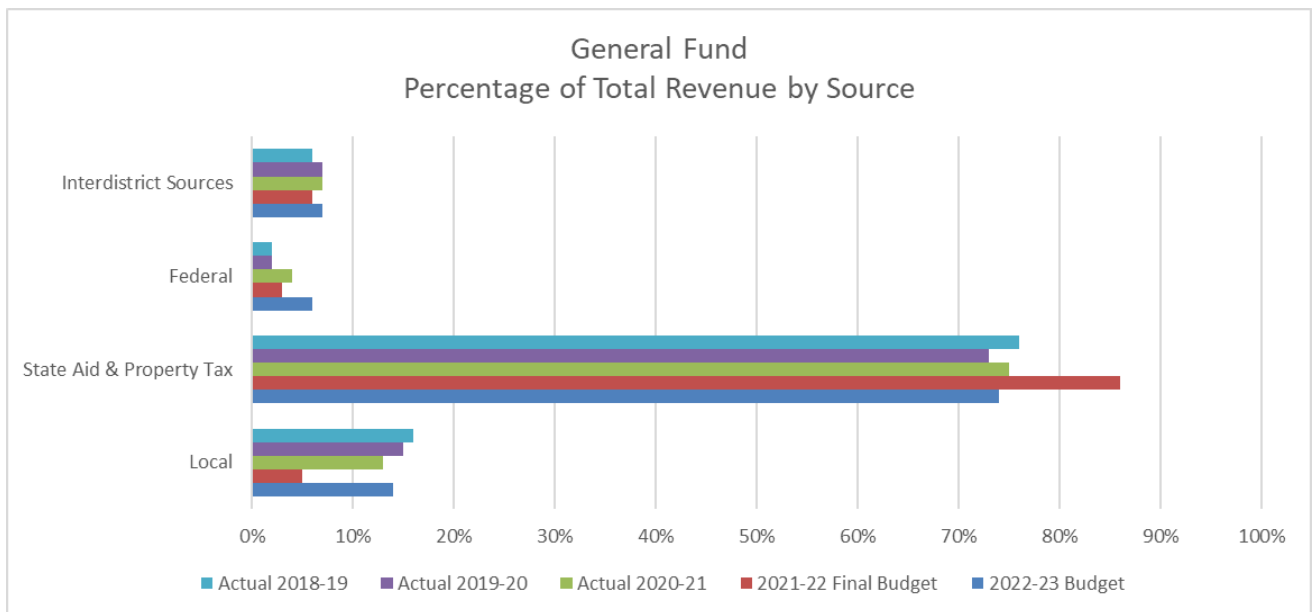
The following graph illustrates the School Aid Fund (SAF) revenue sources for Fiscal Year 2020 (the most recent data available):



Source: State Budget Office

The Foundation Allowance is received by the District from two sources. In order to receive the full Foundation Allowance, the District is required to levy 18 mills on business (non-homestead) property. The State pays the remaining portion to the District in eleven equal installments beginning in October. If the District does not levy the full 18 mills, the State will not reimburse the District for uncollected funds.

The District has elected to collect property taxes twice a year; 50% in the summer collection and 50% in the winter collection. Property taxes collected in the summer help fund expenditures from September (when the school year begins) through mid-October (when the first State Aid payment for the year is received). The following graph illustrates General Fund budgeted funding by source. Note that state aid and property tax accounts for over 80%% of the District's General Fund revenue.



Major Revenue Shifts

Major shifts in revenue sources from the previous year include one-time restricted federal funding due to the COVID-19 global health pandemic. These federal grants include the COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER), Coronavirus Relief Funds, Covid-19 Childcare and Development Grant, and Covid-19 Unanticipated School Closure cash assistance. These one-time funds will enable the District to fund expenditures related to the COVID-19 pandemic response.

Revenue Assumptions and Significant Trends

General Fund

Michigan school districts are funded for operating purposes primarily with a per-pupil foundation allowance allocation comprised of State Aid payments and property tax collections. Fiscal year 2022-23 property tax revenue is based on preliminary values published in the Oakland and Macomb County *FORM L-4028 COUNTY AND VILLAGES 2023 MILLAGE REDUCTION FRACTION COMPUTATIONS*. Forecasted state aid revenue is based on current year levels and will be adjusted when the State adopts its SAF budget. Long-range foundation allowance projections are calculated by multiplying projected enrollment by estimated per-pupil funding levels.

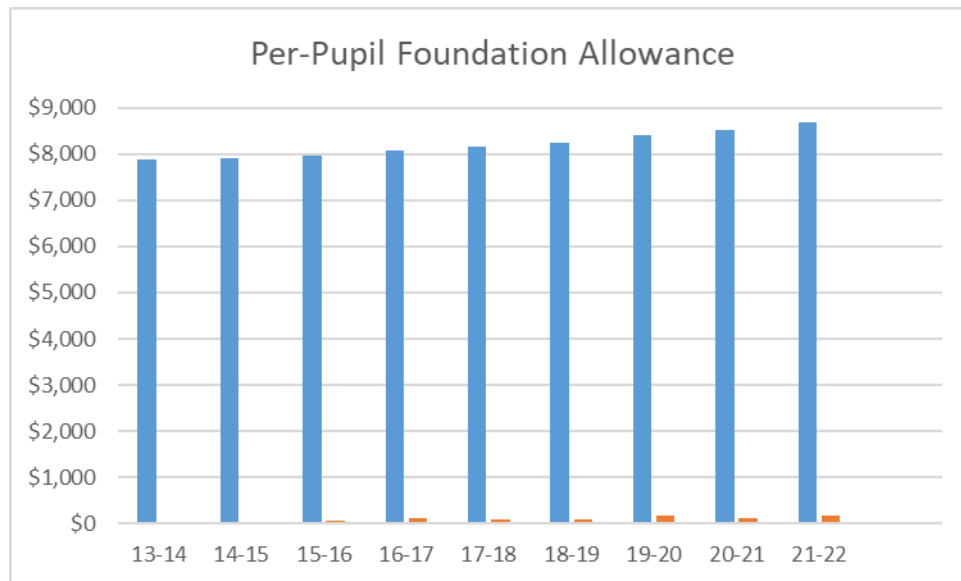
Current Year Revenues by Source and Three Prior Years Actual – General Fund

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Local sources				
Property tax levy	\$ 20,337,089	\$ 20,227,862	\$ 19,737,965	\$ 18,100,855
Earnings on investments	9,000	26,390	108,771	125,768
Tuition from patrons	311,880	202,571	327,640	415,600
Rentals	710,800	277,994	561,632	716,615
Contributions and grants	102,210	163,202	52,080	15,823
Medicaid	1,116,792	1,184,317	1,326,158	1,227,702
Athletics gate receipts	218,633	-	230,449	229,713
Other local revenue	<u>4,796,021</u>	<u>2,416,686</u>	<u>4,663,089</u>	<u>7,096,033</u>
Total revenues from local sources	27,602,425	24,499,022	27,007,784	27,928,109
State sources				
Grants - unrestricted				
State school aid	106,781,511	108,675,552	106,123,109	108,203,771
Grants - restricted				
Special education	10,777,889	10,545,804	10,969,960	10,442,825
At risk	2,193,132	1,240,760	1,682,340	982,369
Vocational education	266,744	164,285	160,586	177,551
Early childhood education	213,535	137,173	229,604	371,542
MPSERS Cost Offset	3,345,343	3,291,386	2,878,954	2,080,709
MPSERS UAAL	15,590,911	12,944,987	10,660,862	10,877,603
Other	<u>7,505,721</u>	<u>2,080,366</u>	<u>2,492,412</u>	<u>1,615,378</u>
Total revenues from state sources	146,674,786	139,080,313	135,197,827	134,751,748
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,463,233	3,274,409	3,283,834	3,259,066
COVID-19 Grants	7,243,795	3,567,005	-	-
Title I	373,839	246,307	347,762	298,058
Medicaid Outreach	50,000	41,823	67,971	451
Title II A	383,632	157,795	296,946	269,542
Title III	311,189	214,882	135,933	179,588
Title IV	31,583	13,096	24,729	33,665
Adult education	<u>178,947</u>	<u>169,512</u>	<u>170,413</u>	<u>146,705</u>
Total revenues from federal sources	12,036,218	7,684,829	4,327,588	4,187,075
Interdistrict sources				
County sources	<u>12,464,041</u>	<u>13,005,395</u>	<u>11,983,365</u>	<u>11,352,304</u>
Total county sources	<u>12,464,041</u>	<u>13,005,395</u>	<u>11,983,365</u>	<u>11,352,304</u>
Other financing sources				
Other Reimbursements	<u>136,879</u>	<u>63,485</u>	<u>52,653</u>	<u>37,327</u>
Total other sources	<u>136,879</u>	<u>63,485</u>	<u>52,653</u>	<u>37,327</u>
Total revenues and Other financing sources	<u>\$ 198,914,349</u>	<u>\$ 184,333,044</u>	<u>\$ 178,569,217</u>	<u>\$ 178,256,563</u>

Next Year Revenues by Source with Three Year Forecast – General Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Local sources				
Property tax levy	\$ 21,214,062	\$ 20,775,440	\$ 20,344,573	\$ 19,921,325
Earnings on investments	9,000	9,000	9,000	9,000
Tuition from patrons	340,799	330,873	321,236	311,880
Rentals	659,000	659,000	659,000	659,000
Contributions and grants	-	-	-	-
Medicaid	1,116,792	1,116,792	1,116,792	1,116,792
Athletics gate receipts	218,633	218,633	218,633	218,633
Other local revenue	<u>5,107,435</u>	<u>5,107,435</u>	<u>5,107,435</u>	<u>5,107,435</u>
Total revenues from local sources	28,665,721	28,217,173	27,776,669	27,344,065
State sources				
Grants - unrestricted				
State school aid	110,987,660	109,956,982	108,918,549	107,872,497
Grants - restricted				
Special education	10,777,889	10,777,889	10,777,889	10,777,889
At risk	2,193,132	2,193,132	2,193,132	2,193,132
Vocational education	266,744	266,744	266,744	266,744
Early childhood education	213,535	213,535	213,535	213,535
MPSERS Cost Offset	3,345,343	3,345,343	3,345,343	3,345,343
MPSERS UAAL	15,590,911	15,590,911	15,590,911	15,590,911
Other	<u>4,162,792</u>	<u>4,162,792</u>	<u>4,162,792</u>	<u>4,162,792</u>
Total revenues from state sources	147,538,006	146,507,328	145,468,895	144,422,843
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,463,233	3,463,233	3,463,233	3,463,233
COVID-19 Grants	-	-	-	6,326,483
Title I	373,839	373,839	373,839	373,839
Medicaid Outreach	50,000	50,000	50,000	50,000
Title II A	383,632	383,632	383,632	383,632
Title III	311,189	311,189	311,189	311,189
Title IV	31,583	31,583	31,583	31,583
Adult education	<u>178,947</u>	<u>178,947</u>	<u>178,947</u>	<u>178,947</u>
Total revenues from federal sources	4,792,423	4,792,423	4,792,423	11,118,906
Interdistrict sources				
County sources	<u>13,454,471</u>	<u>13,454,471</u>	<u>13,454,471</u>	<u>13,454,471</u>
Total county sources	13,454,471	13,454,471	13,454,471	13,454,471
Other financing sources				
Other Reimbursements	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total other sources	25,000	25,000	25,000	25,000
Total revenues and Other financing sources	\$ <u>194,475,621</u>	\$ <u>192,996,395</u>	\$ <u>191,517,458</u>	\$ <u>196,365,285</u>

The following chart illustrates the District's foundation allowance over the past 10 years:



Significant Expenditure Categories

Employee salaries and benefits comprise approximately 80% of general fund expenditures. Employee benefits include medical insurances, employer payroll taxes and insurances, and retirement system contributions.

Salaries and wages:

Salaries and benefits are negotiated with the following employee groups:

Employees	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	6/30/2024
Administrators	RCS Administrators Association	6/30/2023
Secretaries	Rochester Support Personnel, MEA/NEA	6/20/2024
Maintenance/Grounds/Technicians	Local 202, Council 25, AFSCME	6/30/2023
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2025
Executive Staff/Directors	Local Contracts	6/30/2023

The difference between retiring teacher salaries at the top of the scale and salaries for beginning teachers offset the increase in teacher salary steps when at least 25 teachers retire in any given year. Classrooms are staffed conservatively until the number of students in each grade are known.

Retirement System Contributions

The District is required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the retirement coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this

method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2021 valuation will be amortized over a 20-year period for fiscal year 2021. The District's portion of the unfunded liability at September 30, 2021 totaled \$235,228,964.

Required school district contributions are determined based on employee retirement plan elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. Following is a summary of retirement contribution rates for the past five years:

From:		Contribution Period To:		Contribution Rates Range	
Month	Year	Month	Year	Low	High
February 1,	2018	August 31,	2018	13.54%	19.74%
September 1,	2019	September 30,	2019	20.96%	27.16%
October 1,	2019	September 30,	2020	20.96%	27.50%
October 1,	2020	September 30,	2021	20.96%	28.21%
October 1,	2021	September 30,	2022	20.96%	28.23%
October 1,	2022	September 30,	2023	20.96%	28.23%

Self-funded Health Insurances

The District maintains a self-funded health insurance plan through Blue Cross Blue Shield of Michigan. Current year premiums are calculated based on the previous year health care costs. Plan years begin on January 1 and end on December 31. The District pays 80% of the premium for health coverage, and 20% of the premium is collected via payroll deduction over a ten-month period beginning in September. Health insurance premiums totaled approximately \$14.4 million in 2021-22. Premiums are expected to increase by 3.5% beginning January 1, 2023.

Major Expenditure Shifts

The District purchased an office building during the 2020-21 school year to house district-wide administrative offices for \$7 million. To fund the purchase, the district transferred \$2 million from its general fund budget and entered into an installment purchase agreement for \$3 million, with the remaining \$2 million funded from its **sinking fund**. Debt service on the loan will be made over the next five years from the general fund.

Current Year Budgeted Expenditures by Function and Object and Three Years Actual – General Fund:

	Final Budget 2021- 22	Actual 2020- 21	Actual 2019- 20	Actual 2018- 19
Instruction				
Salaries:				
Elementary	\$ 25,415,685	\$ 23,584,239	\$ 23,791,258	\$ 22,590,807
Middle School	11,786,492	11,028,579	10,724,900	10,228,022
High School	15,598,633	15,159,153	14,556,194	14,039,563
Other Basic Programs	637,548	420,031	874,151	954,253
Special Education	10,422,310	9,925,612	10,170,648	9,863,427
Other Added Needs	1,539,101	1,497,970	1,500,347	1,393,036
Adult Education	151,663	95,926	99,839	100,830
Total Salaries	65,551,432	61,711,510	61,717,337	59,169,938
Employee Benefits:				
Group Insurance	7,757,141	9,774,729	7,756,497	8,964,961
Social Security & Retirement	33,312,299	30,231,343	28,541,735	27,474,864
Other Employee Benefits	528,967	484,813	498,142	255,305
Total Employee Benefits	41,598,407	40,490,885	36,796,374	36,695,130
Purchased Services	3,919,452	2,365,248	2,139,875	2,457,041
Supplies & Materials	2,699,335	895,154	1,586,989	1,757,083
Other Expenses	2,975,778	2,579,835	2,334,716	2,043,504
Total Instruction	116,744,404	108,042,632	104,575,291	102,122,696
Student Services				
Salaries:				
Professional	9,714,715	9,066,401	8,263,437	8,233,619
Non-professional	807,203	693,776	1,042,397	746,479
Total Salaries	10,521,918	9,760,177	9,305,834	8,980,098
Employee Benefits:				
Group Insurance	1,666,972	1,670,482	1,680,480	1,623,577
Social Security & Retirement	5,137,023	4,836,698	4,375,930	4,100,686
Other Employee Benefits	89,859	99,945	83,742	73,620
Total Employee Benefits	6,893,854	6,607,125	6,140,152	5,797,883
Purchased Services	467,910	242,943	227,260	220,936
Supplies & Materials	37,373	33,206	23,488	39,375
Other Expenses	9,181	6,911	8,329	-
Total Student Services	17,930,236	16,650,362	15,705,063	15,038,292
Staff Services				
Salaries:				
Professional	4,603,528	4,697,001	3,721,547	3,713,316
Non-professional	256,082	820,778	547,589	299,309
Total Salaries	4,859,610	5,517,779	4,269,136	4,012,625
Employee Benefits:				
Group Insurance	765,587	662,390	776,850	791,611
Social Security & Retirement	2,366,882	2,695,478	1,984,896	1,795,832
Other Employee Benefits	30,828	25,994	18,152	12,495
Total Employee Benefits	3,163,297	3,383,862	2,779,898	2,599,938
Purchased Services	1,379,879	553,192	481,270	686,728
Supplies & Materials	983,419	344,031	352,713	527,714
Other Expenses	33,438	6,421	19,828	17,870
Total Staff Services	10,419,643	9,805,285	7,902,845	7,844,875

Current Year Budgeted Expenditures by Function and Object and Three Years Actual – General Fund (Continued):

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
General Administration				
Salaries:				
Professional	\$ 459,046	\$ 453,415	\$ 420,606	\$ 378,890
Non-professional	180,396	135,119	130,814	123,277
Total Salaries	639,442	588,534	551,420	502,167
Employee Benefits:				
Group Insurance	95,017	79,127	81,592	74,331
Social Security & Retirement	313,842	288,893	251,918	226,335
Other Employee Benefits	33,034	28,450	12,500	13,027
Total Employee Benefits	441,893	396,470	346,010	313,693
Purchased Services	1,028,278	606,173	790,648	369,793
Supplies & Materials	7,495	3,843	10,864	16,681
Other Expenses	39,598	44,514	32,465	35,849
Total General Administration	2,156,706	1,639,534	1,731,407	1,238,183
School Administration				
Salaries:				
Professional	4,227,759	4,020,096	3,991,135	4,068,497
Non-professional	1,345,943	1,345,118	1,498,848	1,330,547
Total Salaries	5,573,702	5,365,214	5,489,983	5,399,044
Employee Benefits:				
Group Insurance	976,854	979,084	1,007,566	970,202
Social Security & Retirement	2,745,774	2,568,875	2,534,401	2,424,670
Other Employee Benefits	20,248	14,064	14,604	14,510
Total Employee Benefits	3,742,876	3,562,023	3,556,571	3,409,382
Purchased Services	100,988	91,819	69,412	76,200
Supplies & Materials	29,305	32,938	27,601	29,447
Other Expenses	2,650	-	2,002	2,331
Total School Administration	9,449,521	9,051,994	9,145,569	8,916,404
Business Services				
Salaries:				
Professional	780,835	628,535	648,485	545,504
Non-professional	41,356	99,796	84,891	117,022
Total Salaries	822,191	728,331	733,376	662,526
Employee Benefits:				
Group Insurance	104,194	106,734	138,382	107,560
Social Security & Retirement	406,385	358,552	343,959	305,122
Other Employee Benefits	10,206	10,175	5,152	4,799
Total Employee Benefits	520,785	475,461	487,493	417,481
Purchased Services	696,467	486,419	683,977	650,650
Supplies & Materials	24,931	4,689	9,881	12,213
Other Expenses	377,254	338,251	144,323	156,854
Total Business Services	2,441,628	2,033,151	2,059,050	1,899,724

Current Year Budgeted Expenditures by Function and Object and Three Years Actual – General Fund (Continued):

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Operations & Maintenance				
Salaries:				
Professional	\$ 269,262	\$ 302,495	\$ 388,536	\$ 320,547
Non-professional	1,150,696	1,503,617	1,082,256	1,016,265
Total Salaries	1,419,958	1,806,112	1,470,792	1,336,812
Employee Benefits:				
Group Insurance	251,854	253,010	284,340	291,401
Social Security & Retirement	699,381	805,257	690,414	610,057
Other Employee Benefits	7,314	7,308	6,086	4,080
Total Employee Benefits	958,549	1,065,575	980,840	905,538
Purchased Services	9,912,720	7,490,089	7,439,574	7,601,246
Supplies & Materials	4,614,716	4,594,519	3,608,984	3,957,530
Other Expenses	4,656	1,440	3,164	3,766
Total Operations & Maintenance	16,910,599	14,957,735	13,503,354	13,804,892
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	33,280	26,906	14,002	-
Total Salaries	33,280	26,906	14,002	-
Employee Benefits:				
Group Insurance	6,896	6,745	1,337	-
Social Security & Retirement	17,500	13,907	6,999	-
Other Employee Benefits	100	-	-	-
Total Employee Benefits	24,496	20,652	8,336	-
Purchased Services	7,051,182	5,240,885	5,737,671	7,000,496
Supplies & Materials	735,257	259,709	360,170	531,830
Other Expenses	1,250	1,250	501	1,250
Total Transportation	7,845,465	5,549,402	6,120,680	7,533,576
Central Services				
Salaries:				
Professional	1,637,166	1,455,268	1,190,194	1,230,922
Non-professional	1,062,213	1,038,328	1,136,451	1,153,208
Total Salaries	2,699,379	2,493,596	2,326,645	2,384,130
Employee Benefits:				
Group Insurance	357,066	351,909	322,505	318,261
Social Security & Retirement	1,498,841	1,152,923	1,121,745	1,169,310
Other Employee Benefits	34,983	224,250	28,728	29,475
Total Employee Benefits	1,890,890	1,729,082	1,472,978	1,517,046
Purchased Services	2,769,666	1,772,547	1,988,080	1,871,954
Supplies & Materials	58,172	14,733	17,778	20,974
Other Expenses	62,717	71,902	24,904	29,043
Total Central Services	7,480,824	6,081,860	5,830,385	5,823,147

Current Year Budgeted Expenditures by Function and Object and Three Years Actual – General Fund (Continued):

	<u>Final Budget 2021-22</u>	<u>Actual 2020-21</u>	<u>Actual 2019-20</u>	<u>Actual 2018-19</u>
Other Support				
Salaries:				
Professional	\$ 327,776	\$ 336,250	\$ 365,169	\$ 341,812
Non-professional	<u>1,344,078</u>	<u>1,259,391</u>	<u>1,266,188</u>	<u>1,235,314</u>
Total Salaries	<u>1,671,854</u>	<u>1,595,641</u>	<u>1,631,357</u>	<u>1,577,126</u>
Employee Benefits:				
Group Insurance	137,536	92,372	123,104	103,969
Social Security & Retirement	722,229	755,288	740,759	696,920
Other Employee Benefits	<u>125</u>	<u>135</u>	<u>450</u>	<u>866</u>
Total Employee Benefits	<u>859,890</u>	<u>847,795</u>	<u>864,313</u>	<u>801,755</u>
Purchased Services	284,349	236,529	198,964	243,660
Supplies & Materials	147,276	122,229	111,022	129,453
Other Expenses	<u>65,508</u>	<u>39,369</u>	<u>43,591</u>	<u>59,557</u>
Total Other Support	<u>3,028,877</u>	<u>2,841,563</u>	<u>2,849,247</u>	<u>2,811,551</u>
Community Services				
Salaries:				
Professional	390,081	350,896	444,365	397,943
Non-professional	<u>782,658</u>	<u>713,937</u>	<u>1,172,408</u>	<u>1,288,676</u>
Total Salaries	<u>1,172,739</u>	<u>1,064,833</u>	<u>1,616,773</u>	<u>1,686,619</u>
Employee Benefits:				
Group Insurance	173,714	170,292	163,657	113,277
Social Security & Retirement	561,575	460,976	736,063	733,589
Other Employee Benefits	<u>1,762</u>	<u>1,535</u>	<u>1,884</u>	<u>1,520</u>
Total Employee Benefits	<u>737,051</u>	<u>632,803</u>	<u>901,604</u>	<u>848,386</u>
Purchased Services	920,926	238,015	509,703	640,675
Supplies & Materials	381,560	7,131	71,816	105,981
Other Expenses	<u>15,730</u>	<u>7,141</u>	<u>9,269</u>	<u>11,894</u>
Total Community Services	<u>3,228,006</u>	<u>1,949,923</u>	<u>3,109,165</u>	<u>3,293,555</u>
Building improvements	4,000	242,819	4,000	1,445,867
Debt service	623,600	-	-	36,341
Capital Outlay	-	3,145,631	3,440,926	1,055,912
Other Financing Uses				
Transfers out	<u>121,937</u>	<u>2,259,649</u>	<u>397,705</u>	<u>307,221</u>
Total Other Financing Uses	<u>121,937</u>	<u>2,259,649</u>	<u>397,705</u>	<u>307,221</u>
Total Expenditures	<u>\$ 198,385,446</u>	<u>\$ 184,251,540</u>	<u>\$ 176,374,687</u>	<u>\$ 173,172,236</u>

Next Year Budgeted Expenditures by Function and Object with Three Year Forecast – General Fund:

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2023-24	Budget 2022-23
Instruction				
Salaries:				
Elementary	\$ 25,415,685	\$ 25,415,685	\$ 25,415,685	\$ 25,415,685
Middle School	12,664,359	12,378,070	12,101,542	11,786,492
High School	15,598,633	15,598,633	15,598,633	15,598,633
Other Basic Programs	633,973	633,973	633,973	633,973
Special Education	10,422,310	10,422,310	10,422,310	10,422,310
Other Added Needs	1,533,582	1,533,582	1,533,582	1,533,582
Adult Education	151,663	151,663	151,663	151,663
Total Salaries	66,420,205	66,133,916	65,857,388	65,542,338
Employee Benefits:				
Group Insurance	9,052,742	8,746,611	8,450,832	8,165,055
Social Security & Retirement	34,784,773	34,238,222	33,704,556	33,170,890
Other Employee Benefits	528,845	528,845	528,845	528,845
Total Employee Benefits	44,366,360	43,513,678	42,684,233	41,864,790
Purchased Services	2,226,545	2,204,500	2,182,673	2,912,515
Supplies & Materials	931,410	922,188	913,057	2,449,878
Other Expenses	65,386	61,446	57,506	53,566
Total Instruction	114,009,906	112,835,728	111,694,857	112,823,087
Student Services				
Salaries:				
Professional	9,714,715	9,714,715	9,714,715	9,714,715
Non-professional	807,203	807,203	807,203	807,203
Total Salaries	10,521,918	10,521,918	10,521,918	10,521,918
Employee Benefits:				
Group Insurance	1,848,202	1,785,702	1,725,316	1,666,972
Social Security & Retirement	4,922,478	4,922,478	4,922,478	4,922,478
Other Employee Benefits	89,859	89,859	89,859	89,859
Total Employee Benefits	6,860,539	6,798,039	6,737,653	6,679,309
Purchased Services	257,813	252,758	247,802	306,649
Supplies & Materials	38,366	37,614	36,876	36,153
Other Expenses	9,181	9,181	9,181	9,181
Total Student Services	17,687,817	17,619,510	17,553,430	17,553,210
Staff Services				
Salaries:				
Professional	4,751,203	4,751,203	4,751,203	4,751,203
Non-professional	256,082	256,082	256,082	256,082
Total Salaries	5,007,285	5,007,285	5,007,285	5,007,285
Employee Benefits:				
Group Insurance	848,820	820,116	792,383	765,587
Social Security & Retirement	2,366,882	2,366,882	2,366,882	2,366,882
Other Employee Benefits	30,828	30,828	30,828	30,828
Total Employee Benefits	3,246,530	3,217,826	3,190,093	3,163,297
Purchased Services	575,598	569,899	564,256	1,452,639
Supplies & Materials	632,649	626,385	620,183	614,043
Other Expenses	34,156	34,156	34,156	34,156
Total Staff Services	9,496,218	9,455,551	9,415,973	10,271,420

Next Year Expenditures by Function and Object with Three Year Forecast –
General Fund (Continued):

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2023-24	Budget 2022-23
General Administration				
Salaries:				
Professional	\$ 459,046	\$ 459,046	\$ 459,046	\$ 459,046
Non-professional	180,396	180,396	180,396	180,396
Total Salaries	<u>639,442</u>	<u>639,442</u>	<u>639,442</u>	<u>639,442</u>
Employee Benefits:				
Group Insurance	105,347	101,785	98,343	95,017
Social Security & Retirement	313,842	313,842	313,842	313,842
Other Employee Benefits	33,034	33,034	33,034	33,034
Total Employee Benefits	<u>452,223</u>	<u>448,661</u>	<u>445,219</u>	<u>441,893</u>
Purchased Services	822,671	814,526	806,461	1,029,878
Supplies & Materials	3,999	3,959	3,920	7,495
Other Expenses	39,598	39,598	39,598	39,598
Total General Administration	<u>1,957,933</u>	<u>1,946,186</u>	<u>1,934,640</u>	<u>2,158,306</u>
School Administration				
Salaries:				
Professional	4,227,759	4,227,759	4,227,759	4,227,759
Non-professional	1,345,943	1,345,943	1,345,943	1,345,943
Total Salaries	<u>5,573,702</u>	<u>5,573,702</u>	<u>5,573,702</u>	<u>5,573,702</u>
Employee Benefits:				
Group Insurance	1,083,056	1,046,431	1,011,044	976,854
Social Security & Retirement	2,718,672	2,718,672	2,718,672	2,718,672
Other Employee Benefits	20,248	20,248	20,248	20,248
Total Employee Benefits	<u>3,821,976</u>	<u>3,785,351</u>	<u>3,749,964</u>	<u>3,715,774</u>
Purchased Services	95,538	94,592	93,655	100,988
Supplies & Materials	24,926	24,679	24,435	24,193
Other Expenses	2,650	2,650	2,650	2,650
Total School Administration	<u>9,518,792</u>	<u>9,480,974</u>	<u>9,444,406</u>	<u>9,417,307</u>
Business Services				
Salaries:				
Professional	780,835	780,835	780,835	780,835
Non-professional	41,356	41,356	41,356	41,356
Total Salaries	<u>822,191</u>	<u>822,191</u>	<u>822,191</u>	<u>822,191</u>
Employee Benefits:				
Group Insurance	115,522	111,615	107,841	104,194
Social Security & Retirement	406,385	406,385	406,385	406,385
Other Employee Benefits	10,206	10,206	10,206	10,206
Total Employee Benefits	<u>532,113</u>	<u>528,206</u>	<u>524,432</u>	<u>520,785</u>
Purchased Services	506,119	501,108	496,147	696,467
Supplies & Materials	4,879	4,831	4,783	24,931
Other Expenses	377,254	377,254	377,254	377,254
Total Business Services	<u>2,242,556</u>	<u>2,233,590</u>	<u>2,224,807</u>	<u>2,441,628</u>

Next Year Expenditures by Function and Object with Three Year Forecast –
General Fund (Continued):

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2023-24	Budget 2022-23
Operations & Maintenance				
Salaries:				
Professional	\$ 269,262	\$ 269,262	\$ 269,262	\$ 269,262
Non-professional	1,150,696	1,150,696	1,150,696	1,150,696
Total Salaries	1,419,958	1,419,958	1,419,958	1,419,958
Employee Benefits:				
Group Insurance	279,235	269,792	260,669	251,854
Social Security & Retirement	699,381	699,381	699,381	699,381
Other Employee Benefits	9,355	9,355	9,355	7,314
Total Employee Benefits	987,971	978,528	969,405	958,549
Purchased Services	8,494,575	8,143,299	7,798,911	10,221,542
Supplies & Materials	4,754,547	4,707,472	4,660,863	4,614,716
Other Expenses	4,656	4,656	4,656	4,656
Total Operations & Maintenance	15,661,707	15,253,913	14,853,793	17,219,421
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	38,526	36,691	34,944	33,280
Total Salaries	38,526	36,691	34,944	33,280
Employee Benefits:				
Group Insurance	7,646	7,387	7,137	6,896
Social Security & Retirement	17,156	16,339	15,561	17,500
Other Employee Benefits	100	100	100	100
Total Employee Benefits	24,902	23,826	22,798	24,496
Purchased Services	7,945,849	7,702,544	7,466,396	7,237,059
Supplies & Materials	275,605	270,201	264,903	735,257
Other Expenses	1,250	1,250	1,250	1,250
Total Transportation	8,286,132	8,034,512	7,790,291	8,031,342
Central Services				
Salaries:				
Professional	1,637,166	1,637,166	1,637,166	1,637,166
Non-professional	1,062,213	1,062,213	1,062,213	1,062,213
Total Salaries	2,699,379	2,699,379	2,699,379	2,699,379
Employee Benefits:				
Group Insurance	395,885	382,498	369,563	357,066
Social Security & Retirement	1,498,841	1,498,841	1,498,841	1,498,841
Other Employee Benefits	34,983	34,983	34,983	34,983
Total Employee Benefits	1,929,709	1,916,322	1,903,387	1,890,890
Purchased Services	2,853,301	2,825,050	2,797,079	2,769,385
Supplies & Materials	15,330	15,178	15,028	58,172
Other Expenses	76,303	74,807	73,340	62,717
Total Central Services	7,574,022	7,530,736	7,488,213	7,480,543

Next Year Expenditures by Function and Object with Three Year Forecast – General Fund (Continued):

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2023-24	Budget 2022-23
Other Support				
Salaries:				
Professional	\$ 327,776	\$ 327,776	\$ 327,776	\$ 327,776
Non-professional	1,344,078	1,344,078	1,344,078	1,344,078
Total Salaries	1,671,854	1,671,854	1,671,854	1,671,854
Employee Benefits:				
Group Insurance	152,489	147,332	142,350	137,536
Social Security & Retirement	722,229	722,229	722,229	722,229
Other Employee Benefits	125	125	125	125
Total Employee Benefits	874,843	869,686	864,704	859,890
Purchased Services	292,965	290,064	287,192	284,349
Supplies & Materials	151,738	150,236	148,749	147,276
Other Expenses	64,508	64,508	64,508	64,508
Total Other Support	3,055,908	3,046,348	3,037,007	3,027,877
Community Services				
Salaries:				
Professional	390,081	390,081	390,081	390,081
Non-professional	782,658	782,658	782,658	782,658
Total Salaries	1,172,739	1,172,739	1,172,739	1,172,739
Employee Benefits:				
Group Insurance	192,600	186,087	179,794	173,714
Social Security & Retirement	561,575	561,575	561,575	561,575
Other Employee Benefits	1,762	1,762	1,762	1,762
Total Employee Benefits	755,937	749,424	743,131	737,051
Purchased Services	858,665	850,163	841,746	833,412
Supplies & Materials	397,014	393,083	389,191	369,475
Other Expenses	17,750	17,750	17,750	17,750
Total Community Services	3,202,105	3,183,159	3,164,557	3,130,427
Building improvements	4,000	4,000	4,000	4,000
Debt service	-	-	-	614,257
Capital Outlay	1,189,256	1,188,765	2,392,777	-
Other Financing Uses				
Transfers out	5,464	5,305	12,509	121,937
Total Other Financing Uses	5,464	5,305	12,509	121,937
Total Expenditures	\$ 193,891,816	\$ 191,818,277	\$ 191,011,260	\$ 194,294,762

Negative Trends

The District's general fund forecast shows a negative trend in fund balance through June 30, 2023; primarily related to the purchase of a new administration building and costs related to the COVID-19 global health pandemic. The District will make necessary adjustments to bring expenditures in line with revenues and student enrollment levels.

Debt Retirement Fund

Public school districts may also propose millage levies for debt (to build buildings and/or additions, renovate facilities, purchase buses and/or technology and other equipment, purchase land, etc.). The district is authorized to levy any amount necessary to service debt. Debt levies are assessed on all classes of taxable property and may increase or decrease as taxable property values fluctuate. The District currently levies 3.48 mills (\$3.48 for every \$1,000 of taxable property) to fund the debt retirement on its bonded debt. Amortization schedules for bonded debt can be found in the informational section of this report. Bonded debt is comprised of the following issues:

\$108,725,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,150,000 to \$14,600,000 through May 2036; interest from 4.00% to 5.00%. \$ 70,250,000

\$56,025,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,995,000 to \$3,680,000 through May 2039; interest from 3.00% to 3.125%. 49,815,000

Total Bonds Payable \$ 120,065,000

The projected Debt Retirement Fund revenue assumes a 2% increase in property values in 2022-23 and is projected to increase at a nominal rate through 2026. The 2022-23 debt levy is 3.48 mills on all classes of property. All bonds are scheduled to be retired by May 2039. This debt does not impact general fund, which entered into a \$3 million, 5-year installment purchase agreement in 2021.

The District's current unused legal debt capacity is \$786,040,509. The general bonded debt of the District is limited to 15% of the state equalized value of the total taxable property in the District.

The computation of the legal debt margin is as follows:

2022 Assessed value	<u>\$ 6,032,757,783</u>
Statutory bonding limit (15% of state equalized value)	904,913,667
Debt outstanding	\$ 120,065,000
Less: Amount available in debt service funds	1,191,842
Total debt applicable to debt limit	<u>118,873,158</u>
Legal debt margin	<u>\$ 786,040,509</u>

Current Year Budget and Three Prior Years Actual – Debt Retirement Fund

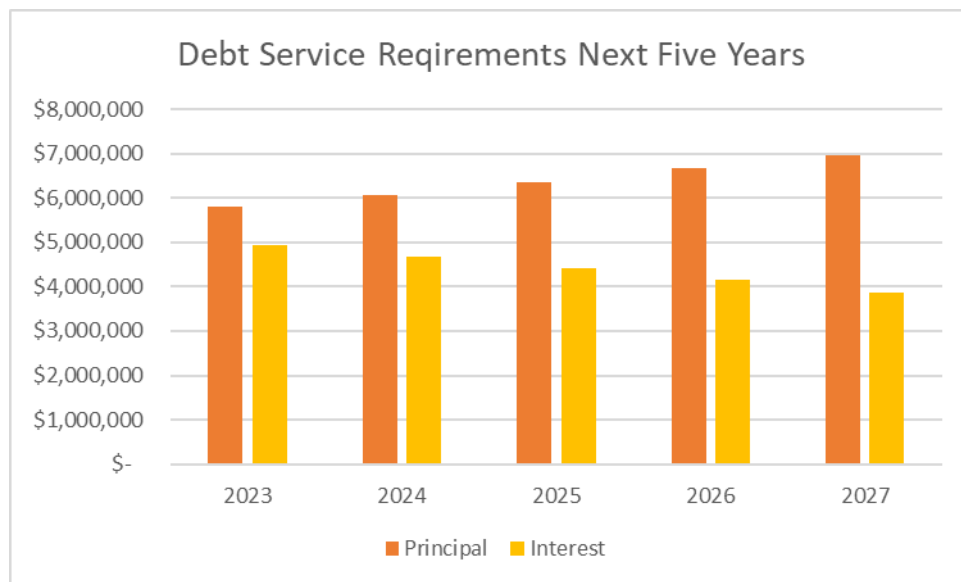
	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues				
Local Sources				
Property Taxes	\$ 9,454,934	\$ 19,053,847	\$ 27,619,164	\$ 29,572,956
Interest on Investments	<u>1,700</u>	<u>-</u>	<u>28,135</u>	<u>30,408</u>
Total Revenues & Other Sources	9,456,634	19,053,847	27,647,299	29,603,364
Expenditures				
Principal	5,575,000	13,365,000	21,820,000	21,970,000
Interest and Fiscal Charges	5,162,269	5,789,219	6,781,374	6,132,733
Other	<u>82,000</u>	<u>87,260</u>	<u>40,140</u>	<u>14,865</u>
Total Expenditures & Other Uses	10,819,269	19,241,479	28,641,514	28,117,598
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,362,635)	(187,632)	(994,215)	1,485,766
Fund Balance July 1	<u>2,554,477</u>	<u>2,742,109</u>	<u>3,736,324</u>	<u>2,250,558</u>
Fund Balance June 30	<u>\$ 1,191,842</u>	<u>\$ 2,554,477</u>	<u>\$ 2,742,109</u>	<u>\$ 3,736,324</u>

Next Year Revenues by Source with Three Year Forecast – Debt Retirement Fund

	Budget 2025-26	Budget 2024-25	Budget 2023-24	Budget 2022-23
Revenues				
Local Sources				
Property Taxes	\$ 10,808,768	\$ 10,773,268	\$ 10,756,019	\$ 10,682,654
Interest on Investments	<u>10,809</u>	<u>10,773</u>	<u>10,756</u>	<u>1,000</u>
Total Revenues & Other Sources	10,819,577	10,784,041	10,766,775	10,683,654
Expenditures				
Principal	6,655,000	6,350,000	6,075,000	5,800,000
Interest and Fiscal Charges	4,153,768	4,423,268	4,681,019	4,926,519
Other	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>
Total Expenditures & Other Uses	10,890,768	10,855,268	10,838,019	10,808,519
Excess (deficiency) of Revenues Over (Under) Expenditures	(71,191)	(71,227)	(71,244)	(124,865)
Fund Balance July 1	<u>924,506</u>	<u>995,733</u>	<u>1,066,977</u>	<u>1,191,842</u>
Fund Balance June 30	<u>\$ 853,315</u>	<u>\$ 924,506</u>	<u>\$ 995,733</u>	<u>\$ 1,066,977</u>

Debt Retirement Requirements

The following chart illustrates principal and interest requirements over the next five years:



Capital Projects Fund

The capital projects funds include proceeds from the 2016 bond issue and a voter-approved ten-year sinking fund. The capital projects funds relieve the general operating fund because without these funds, the cost of capital projects (major facility repair, replacement, or new construction) would have to be paid from the general operating fund.

The proceeds of \$185 million from the 2016 Building and Site Bonds will be used to fund capital projects through 2022. The District issued the first series of Building and Site Bonds in the spring of 2016. The amount of the first series totaled \$128 million. The second series of Building and Site bonds was issued in the spring of 2019 in the amount of \$57 million. The purchase of technology equipment in 2022-23 will complete the bond-funded projects.

On November 5, 2019, the Rochester community approved a ten-year, 1.5 mill levy on all classes of property for the purpose of a sinking fund. Tax levies began with the 2020 summer tax collection. Proceeds from the fund will be used to repair and replace district critical district infrastructure. Planned 2022-23 projects include the replacement of heating/cooling mechanical equipment and the purchase of a generator and flooring.

Negative Trends

Fund balance in the capital projects Building and Site fund will diminish over the next two years as each project has been completed.

Fund balance in the sinking fund will depend on the timing of projects to address future critical facility needs.

Summary Current Year Budget and Three Prior Years Actual – Capital Projects Funds

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,480,381	\$ 8,126,293	\$ -	\$ -
Interest on Investments	7,015	13,038	888,978	645,715
Other Local Revenues	13,500	75,239	56,134	207,232
Total Revenues & Other Sources	8,500,896	8,214,570	945,112	852,947
Expenditures & Other Financing Uses:				
Site Improvements	1,547,365	18,292,943	6,614,038	8,853,971
Buildings and Additions	8,540,542	11,358,746	18,931,206	21,722,360
Furniture, Fixtures and Equipment	5,965,096	-	2,919,478	4,758,826
Other	215,620	131,258	1,423,428	2,357,514
Total Expenditures & Other Uses	16,268,623	29,782,947	32,052,327	39,052,498
Excess (deficiency) of Revenues Over (Under) Expenditures	(7,767,727)	(21,568,377)	(31,107,215)	(38,199,551)
Other Financing Sources (Uses)				
Installment Loan Proceeds	-	3,000,000	-	-
Bond Proceeds	-	-	-	56,025,000
Bond Premiums	-	-	-	1,401,098
Bond Issuance Costs	-	-	-	(592,481)
Transfers In	-	2,000,000	-	-
Total Other Financing Sources (Uses)	-	5,000,000	-	56,833,617
Fund Balance July 1	19,015,789	35,584,166	66,691,381	48,057,315
Fund Balance June 30	<u>\$ 11,248,062</u>	<u>\$ 19,015,789</u>	<u>\$ 35,584,166</u>	<u>\$ 66,691,381</u>



Summary Next Year Budget with Three Year Forecast – Capital Projects Funds

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 9,370,611	\$ 9,186,874	\$ 9,006,739	\$ 8,830,136
Interest on Investments	21,484	13,653	6,616	8,200
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	9,392,095	9,200,527	9,013,355	8,838,336
Expenditures & Other Financing Uses:				
Site Improvements	749,649	734,950	720,539	2,920,000
Buildings and Additions	6,386,625	6,256,358	6,128,654	8,426,136
Furniture, Fixtures and Equipment	-	-	126,227	7,225,225
Other	655,943	643,081	630,472	191,891
Total Expenditures & Other Uses	7,792,217	7,634,389	7,605,892	18,763,252
Excess (deficiency) of Revenues Over (Under) Expenditures	1,599,878	1,566,138	1,407,463	(9,924,916)
Fund Balance July 1	4,296,747	2,730,609	1,323,146	11,248,062
Fund Balance June 30	<u>\$ 5,896,625</u>	<u>\$ 4,296,747</u>	<u>\$ 2,730,609</u>	<u>\$ 1,323,146</u>

Current Year Budget and Three Prior Years Actual – Capital Projects Building and Site Fund

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 5,015	\$ 6,602	\$ 888,978	\$ 645,715
Other Local Revenues	-	75,239	56,134	207,232
Total Revenues & Other Sources	5,015	81,841	945,112	852,947
Site Improvements	635,254	17,427,188	6,614,038	8,853,971
Buildings and Additions	1,447,622	-	18,931,206	21,722,360
Furniture, Fixtures and Equipment	5,965,096	-	2,919,478	4,758,826
Buses	-	-	2,164,177	1,359,827
Other	141,347	-	1,423,428	2,357,514
Total Expenditures & Other Uses	8,189,319	17,427,188	32,052,327	39,052,498
Excess (deficiency) of Revenues Over (Under) Expenditures	(8,184,304)	(17,345,347)	(31,107,215)	(38,199,551)
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	56,025,000
Bond Premiums	-	-	-	1,401,098
Bond Issuance Costs	-	-	-	(592,481)
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	56,833,617
Fund Balance July 1	18,238,819	35,584,166	66,691,381	48,057,315
Fund Balance June 30	<u>\$ 10,054,515</u>	<u>\$ 18,238,819</u>	<u>\$ 35,584,166</u>	<u>\$ 66,691,381</u>

Next Year Budget with Three Year Forecast – Capital Projects Building and Site Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ -	\$ -	\$ 628	\$ 2,500
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	-	-	628	2,500
Site Improvements	-	-	-	950,000
Buildings and Additions	-	-	-	1,700,000
Furniture, Fixtures and Equipment	-	-	126,227	7,225,225
Buses	-	-	-	-
Other	-	-	-	56,191
Total Expenditures & Other Uses	-	-	126,227	9,931,416
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(125,599)	(9,928,916)
Fund Balance July 1	-	-	125,599	10,054,515
Fund Balance June 30	\$ -	\$ -	\$ -	\$ 125,599

Current Year Budget and Three Prior Years Actual – Capital Projects Sinking Fund

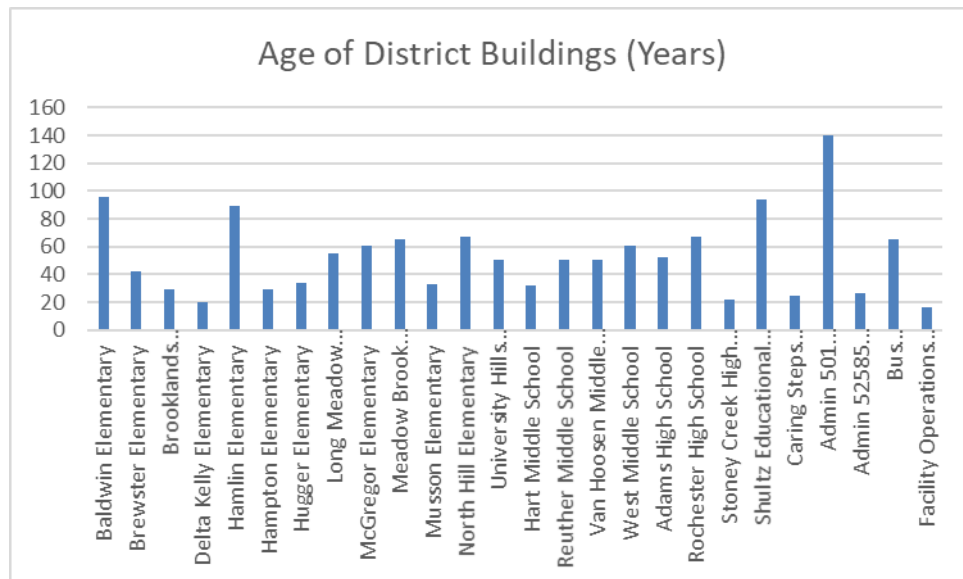
	Final Budget 2021-22	Actual 2020-21	Actual 2018-19	Actual 2017-18
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,480,381	\$ 8,126,293	\$ -	\$ -
Interest on Investments	2,000	6,436	-	-
Other Local Revenues	13,500	-	-	-
Total Revenues & Other Sources	8,495,881	8,132,729	-	-
Expenditures & Other Financing Uses:				
Site Improvements	912,111	865,755	-	-
Buildings and Additions	7,092,920	11,358,746	-	-
Other	74,273	131,258	-	-
Total Expenditures	8,079,304	12,355,759	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	416,577	(4,223,030)	-	-
Other Financing Sources (Uses)				
Transfers In		2,000,000	-	-
Installment Loan Proceeds		3,000,000	-	-
Total Other Financing Sources (Uses)	-	5,000,000	-	-
Fund Balance July 1	776,970	-	-	-
Fund Balance June 30	\$ 1,193,547	\$ 776,970	\$ -	\$ -

Note: On November 5, 2019, the Rochester community approved a ten-year, 1.5 mill levy on all classes of property for the purpose of a sinking fund. Tax levies began with the 2020 summer tax collection.

Next Year Budget with Three Year Forecast – Capital Projects Sinking Fund

	Budget 2025-26	Budget 2024-25	Budget 2023-24	Budget 2022-23
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 9,370,611	\$ 9,186,874	\$ 9,006,739	\$ 8,830,136
Interest on Investments	21,484	13,653	5,988	5,700
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	9,392,095	9,200,527	9,012,727	8,835,836
Expenditures & Other Financing Uses:				
Site Improvements	749,649	734,950	720,539	1,970,000
Buildings and Additions	6,386,625	6,256,358	6,128,654	6,726,136
Other	655,943	643,081	630,472	135,700
Total Expenditures	7,792,217	7,634,389	7,479,665	8,831,836
Excess (deficiency) of Revenues Over (Under) Expenditures	1,599,878	1,566,138	1,533,062	4,000
Other Financing Sources (Uses)				
Transfers In				
Installment Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Fund Balance July 1	4,296,747	2,730,609	1,197,547	1,193,547
Fund Balance June 30	<u>\$ 5,896,625</u>	<u>\$ 4,296,747</u>	<u>\$ 2,730,609</u>	<u>\$ 1,197,547</u>

The following chart illustrates the age of district buildings:



The following schedules provide a summary of actual and projected Capital Projects expenditures by Building:

Current Year Budget and Three Prior Years Actual – Capital Projects by Location

<u>Location</u>	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Adams High School	\$ 2,094,839	\$ 1,633,113	\$ 639,730	\$ 4,457,630
Rochester High School	1,906,370	1,313,339	304,859	303,198
Stoney Creek High School	1,543,091	6,125,910	4,618,529	1,278,877
Schultz Educational Center	29,698	29,242	110,314	2,733,840
Hart Middle School	465,665	427,357	2,809,916	4,890,350
Reuther Middle School	313,418	1,404,472	550,996	222,821
Van Hoosen Middle School	77,847	1,948,456	732,914	213,319
West Middle School	813,649	140,535	39,960	162,744
Baldwin Elementary	590,516	337,117	20,278	89,841
Brewster Elementary	97,104	988,807	5,774,623	3,554,053
Brooklands Elementary	157,376	77,716	150,764	2,712,312
Delta Kelly Elementary	512,725	214,537	1,633,160	547,817
Hamlin Elementary	404,420	264,327	40,354	76,234
Hampton Elementary	152,812	121,088	292,172	5,006,698
Hugger Elementary	215,347	182,193	84,026	61,325
Long Meadow Elementary	892,402	172,426	158,242	1,092,253
McGregor Elementary	113,833	40,560	130,873	1,006,620
Meadow Brook Elementary	483,061	62,620	969,788	389,237
Musson Elementary	236,250	195,086	56,974	75,987
North Hill Elementary	41,216	74,939	1,785,616	2,107,712
University Hills Elementary	330,599	2,900,509	6,585,734	1,841,266
Caring Steps Children's Center	554,231	660,423	3,412	2,777,195
Administration Center/District	3,958,468	7,532,542	-	-
Facilities & Grounds	137,163	110,276	340,701	1,007,670
Transportation	146,523	2,825,358	4,218,392	2,443,499
Total	<u>\$ 16,268,623</u>	<u>\$ 29,782,948</u>	<u>\$ 32,052,327</u>	<u>\$ 39,052,498</u>

Next Year Budget with Three Year Forecast – Capital Projects by Location

<u>Location</u>	<u>Forecast Budget 2025-26</u>	<u>Forecast Budget 2024-25</u>	<u>Forecast Budget 2023-24</u>	<u>Budget 2022-23</u>
Adams High School	\$ -	\$ 40,534	\$ 97,235	\$ 547,772
Rochester High School	550,090	637,630	217,041	136,943
Stoney Creek High School	-	802,109	217,041	136,943
Schultz Educational Center	-	40,534	6,077	8,217
Hart Middle School	36,219	399,389	20,836	219,109
Reuther Middle School	42,024	64,988	2,326,683	2,738,862
Van Hoosen Middle School	7,197	48,775	2,308,451	849,047
West Middle School	819,807	517,610	18,231	2,574,615
Baldwin Elementary	307,050	285,422	16,295	21,911
Brewster Elementary	90,860	95,435	16,295	17,679
Brooklands Elementary	908,113	604,466	169,092	564,206
Delta Kelly Elementary	2,480,513	1,515,114	16,295	1,274,203
Hamlin Elementary	593,517	387,275	16,295	2,222,926
Hampton Elementary	90,860	94,760	39,735	273,886
Hugger Elementary	72,286	82,599	25,410	1,402,460
Long Meadow Elementary	526,767	367,346	534,923	136,943
McGregor Elementary	108,273	103,542	63,176	1,933,122
Meadow Brook Elementary	492,522	327,151	8,481	-
Musson Elementary	265,571	198,660	18,899	273,886
North Hill Elementary	85,636	96,111	18,899	-
University Hills Elementary	314,908	152,857	140,442	1,541,035
Caring Steps Children's Center	-	650,482	3,473	222,293
Administration Center/District	-	40,534	1,302,248	-
Facilities & Grounds	-	40,534	4,341	-
Transportation	-	40,534	-	1,667,194
Total	<u>\$ 7,792,213</u>	<u>\$ 7,634,391</u>	<u>\$ 7,605,894</u>	<u>\$ 18,763,252</u>

Long-Range Capital Improvement Plan

The District is in the process of developing a long-range capital improvement plan for its facilities, as well as capital equipment such as buses, computer infrastructure, copiers, and maintenance and grounds equipment. Experts have been engaged to analyze the current state of air handling equipment, roofs, parking lot surfaces, electrical and plumbing systems, flooring, and other finishes.

Special revenue Funds

Special revenue Funds cover program operational costs by charging a fee for the service that is provided. Revenue projections are based on historical sales in the Bookstore Fund, and on projected enrollment and lunch prices in the Food Service Fund.

The District began a new early learning program at the start of the 2018-19 school year to better serve the needs of families and to improve its capture rate of students entering kindergarten. The program will be housed in a facility designed for up to 170 early learners aged 0-6 years. The Early Learning program is conducted on a stand-alone platform and will be self-supported with tuition revenue when enrollment reaches 80% of capacity on a consistent basis. Revenue projections are based on area market tuition rates.

The Governmental Accounting Standards Board (GASB) issued Statement No. 84 Fiduciary Activities, which established criteria for identifying and reporting fiduciary activities for all state and local governments. The Student/School Activity Fund generates revenue from fundraisers and staff contributions. Expenditures are made to fulfil a fundraiser purpose, or for initiatives identified by each activity group.

Expenditure projections in the Food Service Fund reflect price adjustments prescribed in the food service management contract and planned capital improvements. The Bookstore Fund projections assume no increase in purchased service or supply costs.

Early Learning Fund expenditure projections are categorized by the following six object categories: salaries, employee benefits, purchased services, materials and supplies, capital outlay, and other costs. Building administration, clerical support, and preschool teachers and para-educator wages and benefits are reported in the salaries and employee benefit categories. Employee benefits include 80% of employee health insurance premiums, social security and Medicaid payments (FICA) and State retirement system (MPSERS) contributions.

Purchased services include contracted caregiver services, bank fees, staff training, contracted grounds keeping and custodial support, and marketing costs. Caregiver service costs are based on step 5 of the current caregiver wage scale plus a 17% markup. Contracted custodial services are based on current provider rates. Supplies and materials include teaching and custodial

supplies, building utilities, and student snacks. Other costs include business licenses and staff membership costs.

The following schedules include consolidated actual and projected revenues and expenditures for the Special revenue Funds. The schedules include the new early learning program implemented at the beginning of the 2018-19 school year as well as the Student/School Activity Fund beginning with 2019-20.

Summary Current Year Budget with Three Prior Years Actual – Special revenue Funds

	Final Budget 2021-22	Actual		
		2020-21	2019-20	2018-19
Revenues				
Local	\$ 3,243,807	\$ 1,310,221	\$ 2,443,090	\$ 3,879,533
Tuition	977,378	737,831	681,401	433,688
Food Sales	46,037	825	1,553,683	2,261,895
State	103,817	85,327	121,682	120,646
Federal	<u>4,821,820</u>	<u>2,412,450</u>	<u>1,422,216</u>	<u>1,035,362</u>
Total Revenues	9,192,859	4,546,654	6,222,072	7,731,124
Expenditures				
Instruction				
Basic Programs	159,743	140,568	251,923	217,979
Support Services				
Instructional Support	147,762	182,862	190,580	185,981
Operations & Maintenance	240,400	175,639	169,528	151,394
Central Support	1,125	2,137	3,670	26,481
Support Services - Other	4,451,353	2,310,313	2,877,535	3,130,950
Building Improvements	-	480,663	522,251	365,694
Community Services	<u>3,753,030</u>	<u>1,745,645</u>	<u>2,813,857</u>	<u>4,133,644</u>
Total Expenditures	8,753,413	5,037,827	6,829,344	8,212,123
Other Financing Sources				
Interfund Transfers	<u>121,937</u>	<u>259,649</u>	<u>397,900</u>	<u>307,220</u>
	121,937	259,649	397,900	307,220
Excess (deficiency) of Revenues Over (Under) Expenditures	561,383	(231,524)	(209,372)	(173,779)
Fund Balance July 1	<u>2,655,361</u>	<u>2,886,885</u>	<u>3,092,041</u>	<u>3,265,820</u>
Fund Balance June 30	\$ <u><u>3,216,744</u></u>	\$ <u><u>2,655,361</u></u>	\$ <u><u>2,882,669</u></u>	\$ <u><u>3,092,041</u></u>

Summary Next Year Budget with Three Year Forecast – Special revenue Funds

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues				
Local	\$ 3,505,958	\$ 3,405,883	\$ 3,308,683	\$ 3,243,807
Tuition	1,316,636	1,268,022	1,218,169	977,378
Food Sales	2,399,645	2,329,752	2,261,895	46,037
State	103,817	103,817	103,817	103,817
Federal	1,035,362	1,035,362	1,035,362	4,821,820
Total Revenues	8,361,418	8,142,836	7,927,926	9,192,859
Expenditures				
Instruction				
Basic Programs	268,932	249,011	230,694	159,743
Support Services				
Instructional Support	198,179	190,557	186,820	147,762
Operations & Maintenance	268,214	258,591	249,324	240,400
Central Support	2,652	2,550	2,500	1,125
Support Services - Other	3,257,440	3,193,569	3,130,950	4,801,353
Building Improvements	300,000	500,000	500,000	350,000
Community Services	4,094,076	3,982,627	3,874,271	3,753,030
Total Expenditures	8,389,493	8,376,905	8,174,559	9,453,413
Other Financing Sources				
Interfund Transfers	5,464	5,305	12,509	121,937
	5,464	5,305	12,509	121,937
Excess (deficiency) of Revenues Over (Under) Expenditures	(22,611)	(228,764)	(234,124)	(138,617)
Fund Balance July 1	2,615,239	2,844,003	3,078,127	3,216,744
Fund Balance June 30	\$ 2,592,628	\$ 2,615,239	\$ 2,844,003	\$ 3,078,127

Book Store Fund

Current Year Budget with Three Prior Years Actual – Book Store Fund

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19
Revenues				
Bookstore Sales	\$ 202,000	\$ 44,080	\$ 99,434	\$ 105,208
Total Revenue	202,000	44,080	99,434	105,208
Expenditures				
Community Services	146,625	62,302	103,766	99,229
Total Expenditures	146,625	62,302	103,766	99,229
Excess (deficiency) of Revenues Over (Under) Expenditures	55,375	(18,222)	(4,332)	5,979
Fund Balance July 1	58,554	76,776	81,108	75,129
Fund Balance June 30	\$ 113,929	\$ 58,554	\$ 76,776	\$ 81,108

Next Year Budget with Three Year Forecast – Book Store Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues				
Bookstore Sales	\$ 214,364	\$ 210,161	\$ 206,040	\$ 202,000
Total Revenue	214,364	210,161	206,040	202,000
Expenditures				
Community Services	203,646	199,653	195,738	146,625
Total Expenditures	203,646	199,653	195,738	146,625
Excess (deficiency) of Revenues Over (Under) Expenditures	10,718	10,508	10,302	55,375
Fund Balance July 1	190,114	179,606	169,304	113,929
Fund Balance June 30	\$ 200,832	\$ 190,114	\$ 179,606	\$ 169,304

Food Service Fund

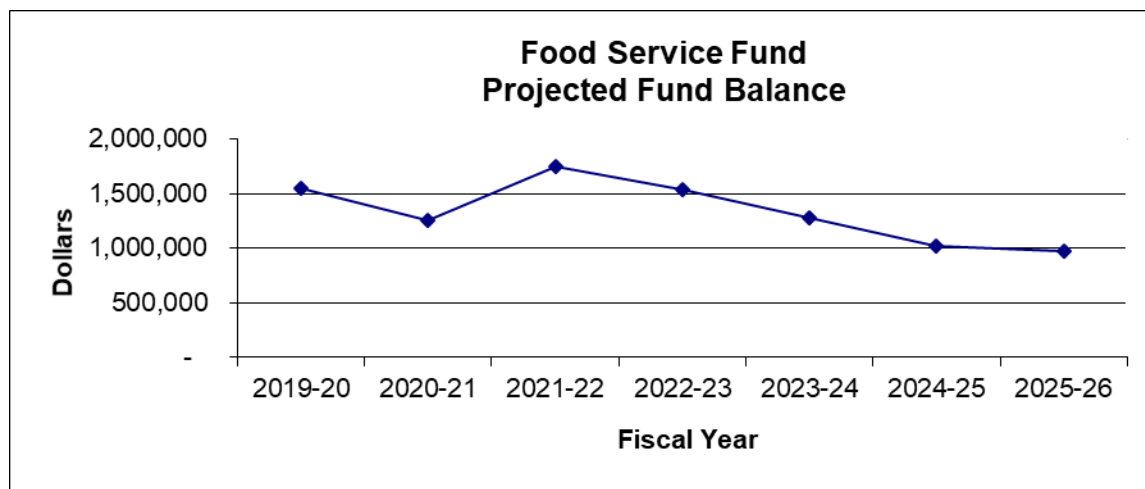
Food service revenue and non-staff expenditures are expected to increase at the rate of inflation. Net profits are used to maintain and improve food service operations.

Current Year Budget with Three Prior Years Actual – Food Service Fund

	Final Budget 2021-22	Actual 2020-21	Actual 2019-20	Actual 2018-19*
Revenues				
Food Sales	\$ 46,037	\$ 825	\$ 1,553,683	\$ 2,261,895
State	103,817	85,327	121,682	120,646
Federal	4,821,820	2,412,450	1,422,216	1,035,362
Total Revenues	4,971,674	2,498,602	3,097,581	3,417,903
Expenditures				
Support Services				
Operations & Maintenance	34,632	-	1,824	1,809
Support Services - Other	4,451,353	2,310,313	2,877,535	3,130,950
Building Improvements	-	480,663	522,251	365,694
Total Expenditures	4,485,985	2,790,976	3,401,610	3,498,453
Other Financing Sources				
Proceeds from Sale of Assets	-	-	195	4,216
Interfund Transfers	5,000	5,354	4,822	2,764
Total Other Financing Sources	5,000	5,354	5,017	6,980
Excess (deficiency) of Revenues Over (Under) Expenditures	490,689	(287,020)	(299,012)	(73,570)
Fund Balance July 1	1,259,417	1,546,437	1,845,449	1,919,019
Fund Balance June 30	\$ 1,750,106	\$ 1,259,417	\$ 1,546,437	\$ 1,845,449

Next Year Budget with Three Year Forecast – Food Service Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues				
Food Sales	\$ 2,399,645	\$ 2,329,752	\$ 2,261,895	\$ 46,037
State	103,817	103,817	103,817	103,817
Federal	1,035,362	1,035,362	1,035,362	4,821,820
Total Revenues	3,538,824	3,468,931	3,401,074	4,971,674
Expenditures				
Support Services				
Operations & Maintenance	36,753	36,032	35,325	34,632
Support Services - Other	3,257,440	3,193,569	3,130,950	4,801,353
Building Improvements	300,000	500,000	500,000	350,000
Total Expenditures	3,594,193	3,729,601	3,666,275	5,185,985
Other Financing Sources				
Proceeds from Sale of Assets	-	-	-	-
Interfund Transfers	5,464	5,305	5,150	5,000
Total Other Financing Sources	5,464	5,305	5,150	5,000
Excess (deficiency) of Revenues Over (Under) Expenditures	(49,905)	(255,365)	(260,051)	(209,311)
Fund Balance July 1	1,025,379	1,280,744	1,540,795	1,750,106
Fund Balance June 30	\$ 975,474	\$ 1,025,379	\$ 1,280,744	\$ 1,540,795



The global pandemic that began in early 2020 necessitated that the District pivot from its normal USDA National School Lunch and Breakfast food service program to a Summer Food Service Program (SFSP). Under the SFSP, every child up to the age of 18 (up to 26 if special needs) is eligible to receive free breakfast and lunch meals. The District began preparing and distributing meals to children from each of its sites in late March, 2020. All ala carte sales were suspended with the State-mandated school shutdown. The suspension of ala carte sales had a negative impact on food service revenue. The District qualified to continue the SFSP through June 2022.

Early Learning Center

The District began operating an early learning center in the fall of 2018. Forecasted revenue levels are based on current actual enrollment with a small increase in tuition rates each year. Projected expenditures include staffing at levels that meet regulatory requirements at each age level.

In response to the global pandemic that began in early 2020, the State of Michigan suspended all child care services except to children of workers considered to be “essential” (health care workers, grocery stores, first responders). The District analyzed and adapted its child care services business model to accommodate the childcare needs of essential workers and applied for special State licensing for its learning center site. It is unknown at this time the full economic impact of the global pandemic early learning center operations. An interfund transfer in an amount equal to excess expenditures is made from the General Fund to maintain a zero fund balance in Early Learning Center Fund. The District anticipates that the fund will be self-sufficient by the 2024-25 fiscal year.

Current and Next Year Budgets with Three Years Prior Actual – Early Learning Center Fund

	Final Budget 2021-22	2020-21	Actual 2019-20	2018-19
Revenues				
Tuition	\$ 683,458	\$ 641,050	\$ 681,401	\$ 423,058
Other Local Sources	-	-	-	10,630
State	-	687	-	-
Federal	293,920	96,094	-	-
Total Revenues	<u>977,378</u>	<u>737,831</u>	<u>681,401</u>	<u>433,688</u>
Expenditures				
Instruction				
Basic Programs	159,743	140,568	251,923	217,979
Support Services				
Instructional Support	147,762	182,862	190,580	185,981
Operations & Maintenance	205,768	175,639	167,704	149,585
Central Support	1,125	2,137	3,670	26,481
Community Services	<u>579,917</u>	<u>490,920</u>	<u>460,407</u>	<u>158,118</u>
Total Expenditures	<u>1,094,315</u>	<u>992,126</u>	<u>1,074,284</u>	<u>738,144</u>
Other Financing Sources				
Interfund Transfers	<u>116,937</u>	<u>254,295</u>	<u>392,883</u>	<u>304,456</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance July 1	-	-	-	-
Fund Balance June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Next Year Budget with Three Year Forecast – Early Learning Center Fund

	Forecast Budget 2025- 26	Forecast Budget 2024- 25	Forecast Budget 2023- 24	Budget 2022- 23
Revenues				
Tuition	\$ 1,022,716	\$ 974,102	\$ 924,249	\$ 683,458
Other Local Sources	-	-	-	-
State	-	-	-	-
Federal	293,920	293,920	293,920	293,920
Total Revenues	1,316,636	1,268,022	1,218,169	977,378
		104%	104%	
Expenditures				
Instruction				
Basic Programs	268,932	249,011	230,694	159,743
Support Services				
Instructional Support	198,179	190,557	186,820	147,762
Operations & Maintenance	231,461	222,559	213,999	205,768
Central Support	2,652	2,550	2,500	1,125
Community Services	615,412	603,345	591,515	579,917
Total Expenditures	1,316,636	1,268,022	1,225,528	1,094,315
Other Financing Sources				
Interfund Transfers	-	-	7,359	116,937
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance July 1	-	-	-	-
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -

Student/School Activity

Governmental Accounting Standards Board (GASB) statement number 84 established criteria for identifying what is considered a fiduciary activity and provides guidance on reporting these activities. For Rochester Community Schools, the statement changes the recording of student activity accounts, which were previously considered fiduciary activities because the District determined that it maintained administrative control. As a result, the District created a new special revenue fund as outlined by the guidance issued by the Michigan School Accounting Manual in March 2019. The new student/school activity fund requires a board approved budget and follow district purchasing guidelines.

The Student/School Activity Fund generates revenue from fundraisers and staff contributions. Expenditures are made to fulfil a fundraiser purpose, or for initiatives identified by each activity group. Formerly recorded in a fiduciary fund, the cash position of each group is included in the transfer of funds and any excess revenue will be recorded as fund balance in the special revenue fund.

Current Year Budget with Three Year Prior Actual – Student/School Activity Fund

	Final Budget 2021-22	Actual		
		2020-21	2019-20	2018-19
Revenues				
Local	\$ 3,041,807	\$ 1,266,141	\$ 2,343,656	\$ 3,774,325
Total Revenues	3,041,807	1,266,141	2,343,656	3,774,325
Community Services	3,026,488	1,192,423	2,249,684	3,876,297
Total Expenditures	3,026,488	1,192,423	2,249,684	3,876,297
Excess (deficiency) of Revenues Over (Under) Expenditures	15,319	73,718	93,972	(101,972)
Fund Balance July 1	1,337,390	1,263,672	1,169,700	1,271,672
Fund Balance June 30	<u>\$ 1,352,709</u>	<u>\$ 1,337,390</u>	<u>\$ 1,263,672</u>	<u>\$ 1,169,700</u>

Prior Year actual data restated for comparison purposes only.

Next Year Budget with Three Year Forecast – Student/School Activity Fund

	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24	Budget 2022-23
Revenues				
Local	\$ 3,291,594	\$ 3,195,722	\$ 3,102,643	\$ 3,041,807
Total Revenues	3,291,594	3,195,722	3,102,643	3,041,807
Community Services	3,275,018	3,179,629	3,087,018	3,026,488
Total Expenditures	3,275,018	3,179,629	3,087,018	3,026,488
Excess (deficiency) of Revenues Over (Under) Expenditures	16,576	16,093	15,625	15,319
Fund Balance July 1	1,399,746	1,383,653	1,368,028	1,352,709
Fund Balance June 30	<u>\$ 1,416,322</u>	<u>\$ 1,399,746</u>	<u>\$ 1,383,653</u>	<u>\$ 1,368,028</u>

Classification of Fund Balance History

Governmental funds report non-spendable fund balance for amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the Board of education. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment.

The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first. Then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Funding of Future Goals and Objectives

The District began implementing a new orchestra program at the middle and high school levels, beginning with the middle schools in the 2018-19 school year. High school classes will be offered beginning with the 2022-23 school year. This program is funded with current general fund operating revenue.

Actual and estimated costs for the orchestra program are illustrated as follows:

	Orchestra Program Implementation Cost Estimate				
	Middle School			High School	
	Actual			Projected	
	2018-19	2019-20	2020-21	2021-22	2022-23
Equipment, Instruments, and Sheet Music	\$ 147,972	\$ 152,563	\$ 9,151	\$ 165,279	\$ 52,910
Teacher salaries and benefits (3.0 FTE)	89,717	327,265	333,810	375,000	382,500
Teacher festival stipend	3,105	3,105	3,105	3,105	3,105
MSBOA membership fees	1,500	1,500	1,500	1,500	1,500
Festival Entry Fees	1,440	1,440	1,440	1,440	1,440
Transportation to/from festivals	2,500	2,500	2,500	2,500	2,500
Total	<u>\$ 246,234</u>	<u>\$ 488,373</u>	<u>\$ 351,506</u>	<u>\$ 548,824</u>	<u>\$ 443,955</u>

Post-employment Benefits

District employees are members of the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB)

pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." The Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The District's portion of the unfunded liability at September 30, 2021 totaled \$235,228,964.

In addition to the state retirement system, the District established an Early Retirement Incentive plan payable for a limited time to a specific group of retiring employees. The liability for this plan totaled \$105,900 at June 30, 2022. Following is a schedule of the early retirement incentive liability:

Year Ended June 30,	Amount Due
2023	\$ 46,820
2024	26,880
2025	16,600.00
2026	14,400.00
2027	1,200.00
Total	<u>\$ 105,900</u>

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Rochester Community Schools Informational Section



How Tax Rates Are Calculated

Districts are authorized by the State to levy up to 18 mills on non-homestead property located within their boundaries, which includes apartment buildings, rental homes, vacation property, vacant land, and commercial and industrial property; however, the Headlee amendment of 1978 included a provision that a community's total property tax base should not increase faster than the inflation rate. This legislation rolls back the maximum authorized millage rate for each taxing unit to the extent that the total tax base increases more than the rate of inflation.

Property Tax Values-Assessed and Estimated

Fiscal Year		Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2025-26 *	Non-homestead	\$ 1,269,810,739	\$ 2,539,621,478	\$ 129,570,647	\$ 259,141,294
	Homestead	5,050,155,213	10,100,310,426	129,570,647	259,141,294
	Total	6,319,965,952	12,639,931,904	259,141,294	518,282,588
2024-25 *	Non-homestead	\$ 1,244,912,489	\$ 2,489,824,978	\$ 127,030,046	\$ 254,060,092
	Homestead	4,951,132,562	9,902,265,124	127,030,046	254,060,092
	Total	6,196,045,051	12,392,090,102	254,060,092	508,120,184
2023-24 *	Non-homestead	\$ 1,220,502,440	\$ 2,441,004,880	\$ 124,539,261	\$ 249,078,522
	Homestead	4,854,051,531	9,708,103,062	124,539,261	249,078,522
	Total	6,074,553,971	12,149,107,942	249,078,522	498,157,044
2022-23 *	Non-homestead	\$ 1,196,571,020	\$ 2,393,142,040	\$ 122,097,315	\$ 244,194,630
	Homestead	4,758,874,050	9,517,748,100	-	-
	Total	5,955,445,070	11,910,890,140	122,097,315	244,194,630
2021-22 **	Non-homestead	\$ 1,098,973,082	\$ 2,197,946,164	\$ 119,703,250	\$ 239,406,500
	Homestead	4,519,574,065	9,039,148,130	-	-
	Total	5,618,547,147	11,237,094,294	119,703,250	239,406,500
2020-21 **	Non-homestead	\$ 1,090,209,450	\$ 2,180,418,900	\$ 84,024,446	\$ 168,048,892
	Homestead	4,335,814,339	8,671,628,678	-	-
	Total	5,426,023,789	10,852,047,578	84,024,446	168,048,892
2019-20 **	Non-homestead	\$ 1,112,235,888	\$ 2,224,471,776	\$ 80,948,393	\$ 161,896,786
	Homestead	4,142,389,196	8,284,778,392	-	-
	Total	5,254,625,084	10,509,250,168	80,948,393	161,896,786
2018-19 **	Non-homestead	\$ 979,278,379	\$ 1,958,556,758	\$ 79,361,170	\$ 158,722,340
	Homestead	3,985,508,076	7,971,016,152	-	-
	Total	4,964,786,455	9,929,572,910	79,361,170	158,722,340

Note: assessed value is equal to 50% of actual value, which is determined by the real estate market.

* Estimated assumes 2% annual growth

**Source: Oakland County Equalization

Property Tax Rates-Assessed and Estimated

	<u>Operating Mills*</u>	<u>Debt Mills</u>	<u>Sinking Fund**</u>	<u>Total Mills</u>
2022-23	18.0000	1.7600	1.4630	19.7600
2021-22	18.0000	1.6400	1.4732	19.6400
2020-21	18.0000	3.4800	1.4874	21.4800
2019-20	18.0000	5.3000	-	23.3000
2018-19	18.0000	6.0100	-	24.0100

*Millage limitation for school districts within the State of Michigan

** 10-year levy approved by voters in November 2019

Note: Millage is based on every \$1,000 of taxable property (i.e. 18 mills equals \$18 for every \$1,000 in taxable property).

Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
2022-23* \$	19,921,325	N/A	N/A	N/A	N/A	N/A
2021-22	20,258,729	19,819,148	97.83%	439,580	20,258,728	100.00%
2020-21	19,693,536	18,825,789	95.59%	698,048	19,523,837	100.00%
2019-20	19,389,011	18,677,868	96.33%	736,560	19,414,428	100.00%
2018-19	18,952,720	18,024,586	95.10%	928,134	18,952,720	100.00%

* estimated

Note: Taxable levy adjusted to collections. Amounts not collected from additional levy are not material.

Property Tax Impact on Homeowners-Assessed and Estimated

	2022-23	2021-22	2020-21	2019-20	2018-19
Median Market Value of a Home (1)	\$ 391,413	\$ 372,774	\$ 355,023	\$ 324,611	\$ 254,900
State Equalized Value (SEV) (2)	195,707	186,387	177,512	162,306	127,450
Taxable Value (3)	195,707	186,387	177,512	162,306	127,450
State Education Property Tax (4)	1,174	1,118	1,065	974	765
Debt Retirement (4)	328	274	278	860	766
Sinking Fund (4)	273	3,661	4,004	-	-
Property Tax Paid to Schools (4)	1,775	5,053	5,347	1,834	1,531
Increase(decrease) from prior year	(3,278)	(294)	3,513	303	31

(1) Median Housing Value in District

(2) SEV is 50% of market value

(3) Taxable value growth is capped at the rate of inflation or 5%, whichever is less.

(4) Millage rates are as follows:

State Education Tax	6.00	6.00	6.00	6.00	6.00
Debt Retirement Fund	1.76	1.47	1.49	5.30	6.01
Sinking Fund	1.46	19.64	21.48	-	-

Source Median Market Value: Neighborhood Scout <https://www.neighborhoodscout.com/mi/rochester-hills/real-estate>

Enrollment

Enrollment is important to the financial health of the District because state funding is based on a per-pupil formula. Prior to the onset of the COVID-19 global health pandemic, district enrollment had remained steady with growth of approximately 266 student FTE since the fall of 2013. Due to the COVID-19 pandemic, District enrollment declined by 420 students between the fall of 2019 and the following fall. Since then, District enrollment has remained flat and the District's most recent enrollment projection shows stable enrollment through the fall of 2025.

Enrollment estimates are based on projections obtained from third party forecasters and the District's enrollment office. Third party forecasters use the *Cohort Survival Method* of forecasting enrollment growth. While the forecasting of future events is an uncertain process, school district enrollment forecasting has a stable characteristic that makes it possible to forecast data with reasonable accuracy. The base projection is accomplished by moving the number of students in each grade (students already in school) to the next higher grade each year. This is described as "cohort survival."

Uncertainties in the cohort survival rate include migration and kindergarten enrollment. Migration (the influx or outflow of students) can be the result of changes in the number of households in a district or a different student population within the existing households. Enrollment forecasters typically use a historical average to project migration ratios. A weighted average was used in the District's migration projections to provide a larger weight to the

most recent data. This weighted average calculation has proven to be more reliable where changes occur in the migration over time. When calculated individually for each grade transition, a forecast more sensitive to change is obtained.

Future kindergarten enrollments were developed through a technique of projecting averages and trends from recent kindergarten enrollments. While kindergarten enrollment is commonly forecasted by looking at regional (county-wide) birth numbers five years prior to the enrollment date, substantial errors occur in the enrollment forecasting of districts with large or unstable migration, or where individual schools have significantly different trends. The following table illustrates actual October enrollment counts through September 2021, and projected enrollment through 2025 using the cohort survival method.



The following schedules illustrate the District's actual and projected fall student enrollment:

	Actual				
	2016	2017	2018	2019	2020*
Elementary Schools:					
Kindergarten	1,025	1,004	1,019	1,135	1,010
1st Grade	1,013	1,093	1,041	1,086	1,039
2nd Grade	1,039	1,039	1,118	1,091	1,032
3rd Grade	1,030	1,082	1,056	1,178	1,068
4th Grade	1,111	1,080	1,102	1,116	1,136
5th Grade	1,110	1,137	1,093	1,128	1,068
Total	6,328	6,435	6,429	6,733	6,353
Middle Schools:					
6th Grade	1,126	1,137	1,154	1,155	1,103
7th Grade	1,167	1,177	1,151	1,220	1,109
8th Grade	1,171	1,183	1,197	1,215	1,165
Total	3,464	3,497	3,502	3,590	3,377
High Schools:					
9th Grade	1,220	1,207	1,213	1,180	1,206
10th Grade	1,243	1,211	1,214	1,145	1,213
11th Grade	1,184	1,260	1,227	1,131	1,217
12th Grade	1,245	1,216	1,297	1,154	1,208
Total	4,892	4,894	4,951	4,611	4,844
Alternative Education	14	40	60	40	7
Special Education	419	437	437	437	411
Grand Total	15,117	15,303	15,379	15,412	14,992

Source: District records and Third Party projections

* Year of global pandemic

	Actual		Projected		
	2021	2022	2023	2024	2025
Elementary Schools:					
Kindergarten	1,189	1,244	1,334	1,429	1,580
1st Grade	959	1,189	1,060	1,056	1,059
2nd Grade	1,051	957	1,072	1,073	1,069
3rd Grade	1,015	1,051	983	1,090	1,094
4th Grade	1,066	1,017	1,078	999	1,107
5th Grade	1,142	1,064	1,028	1,088	1,008
Total	6,422	6,522	6,555	6,735	6,917
Middle Schools:					
6th Grade	1,065	1,141	1,081	1,045	1,103
7th Grade	1,109	1,067	1,147	1,094	1,055
8th Grade	1,121	1,111	1,091	1,159	1,105
Total	3,295	3,319	3,319	3,298	3,263
High Schools:					
9th Grade	1,205	1,119	1,118	1,089	1,157
10th Grade	1,183	1,205	1,110	1,111	1,086
11th Grade	1,211	1,183	1,160	1,104	1,106
12th Grade	1,247	1,211	1,140	1,169	1,112
Total	4,846	4,718	4,528	4,473	4,461
Alternative Education	-	-	-	-	-
Special Education	422	422	422	422	422
Grand Total	14,985	14,981	14,824	14,928	15,063

Source: District records and Third Party projections



Fall Student Enrollment

	Projected**				
	2021	2022	2023	2024	2025
Elementary Schools:					
Kindergarten	1,189	1,244	1,211	1,183	1,205
1st Grade	957	1,189	1,244	1,211	1,183
2nd Grade	1,051	957	1,189	1,244	1,211
3rd Grade	1,017	1,051	957	1,189	1,244
4th Grade	1,064	1,017	1,051	957	1,189
5th Grade	1,141	1,064	1,017	1,051	957
Total	6,419	6,522	6,669	6,835	6,989
Middle Schools:					
6th Grade	1,067	1,141	1,064	1,017	1,051
7th Grade	1,111	1,067	1,141	1,064	1,017
8th Grade	1,119	1,111	1,067	1,141	1,064
Total	3,297	3,319	3,272	3,222	3,132
High Schools:					
9th Grade	1,205	1,119	1,111	1,067	1,141
10th Grade	1,183	1,205	1,119	1,111	1,067
11th Grade	1,211	1,183	1,205	1,119	1,111
12th Grade	1,244	1,211	1,183	1,205	1,119
Total	4,843	4,718	4,618	4,502	4,438
Alternative Education	-	-	-	-	-
Special Education	420	420	420	420	420
Grand Total	14,979	14,979	14,979	14,979	14,979

**Assumes flat enrollment through 2025



The following table illustrates the five-year General Education enrollment history by building:

Building	Grade Level	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2020- 2021
ACE/Schultz Ed Center	9-12	57	60	44	-	67
Adams High School	9-12	1,571	1,598	1,164	1,556	1,683
Rochester High School	9-12	1,641	1,702	1,284	1,702	1,802
Stoney Creek High Scho	9-12	1,632	1,611	1,172	1,599	1,659
Hart Middle School	6-8	1,126	1,112	1,479	1,064	1,066
Reuther Middle School	6-8	700	696	925	639	683
Van Hoosen Middle Schc	6-8	895	875	1,172	866	863
West Middle School	6-8	853	834	1,108	805	846
Baldwin Elementary	K-5	564	567	588	555	571
Brewster Elementary	K-5	402	404	405	383	372
Brooklands Elementary	K-5	481	499	521	509	490
Delta Kelly Elementary	K-5	595	609	631	620	649
Hamlin Elementary	K-5	428	427	460	454	413
Hampton Elementary	K-5	492	528	564	518	489
Hugger Elementary	K-5	543	541	550	501	506
Long Meadow Elementa	K-5	591	568	583	557	586
McGregor Elementary	K-5	468	438	436	448	456
Meadow Brook Element	K-5	428	431	454	403	375
Musson Elementary	K-5	512	506	490	487	511
North Hill Elementary	K-5	529	490	505	459	490
University Hills Elementa	K-5	472	447	441	449	408
Total		14,980	14,943	14,976	14,574	14,985

Source: District records

Personnel Resources

Salaries, payroll taxes and employee benefits comprise approximately 80% of the District's general fund expenditure budget. Certified staff include classroom teachers and other student support professionals such as speech therapists, social workers, psychologists, etc. Paraprofessionals include both general and special education support. Actual and projected personnel resources are as follows:

Full-Time Equivalent (FTE)

Position	Actual*			
	2018-19	2019-20	2020-21	2021-22
Certified Staff	906	906	906	906
Administrators	34	34	34	34
Secretaries	86	86	86	86
Maintenance/Grounds/Technicians	39	39	39	39
Paraprofessionals	277	277	277	277
Executive Staff/Directors	10	10	10	10
Total FTE	1,352	1,352	1,352	1,352

*Source: district records

Full-Time Equivalent (FTE)

Position	Projected**			
	2022-23	2023-24	2024-25	2025-26
Certified Staff	906	906	896	903
Administrators	34	34	34	34
Secretaries	86	86	86	86
Maintenance/Grounds/Technicians	39	39	39	39
Paraprofessionals	267	267	267	267

** Based on projected student enrollment

Outstanding Bond Issues and Amortization

On November 3, 2015 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$185,000,000 to be issued in one or more series. The bonds in the amount of \$108,725,000 representing the first series of bonds authorized, were issued for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and refurnishing, equipping and re-equipping school facilities; acquiring, installing, and equipping instructional technology for school facilities; constructing, equipping, developing and improving athletic and physical education facilities, playfields and playgrounds; purchasing school buses; developing and improving sites; and paying the costs of issuing the Bonds.

On November 3, 2015 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$185,000,000 to be issued in one or more series. The bonds in the amount of \$108,725,000 representing the first series of bonds authorized, were issued in 2016. The remaining bonded debt was issued in 2019 for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and refurnishing, equipping and re-equipping school facilities; acquiring, installing, and equipping instructional technology for school facilities; constructing, equipping, developing and improving athletic and physical education facilities, playfields and playgrounds; purchasing school buses; developing and improving sites; and paying the costs of issuing the Bonds.

The schedules on the following pages detail bonded debt retirement for the 2016 Building and Site bonds which were issued in two series (2016 Series I, and 2019 Series II).

Debt Retirement Fund
Detail Schedule of Bonded Indebtedness
June 30, 2022

		Date of Issue	Amount of Issue			
Debt Retirement Fund						
2016	Building & Site	2/16/2016	\$ 108,725,000			
		Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
			11/1/22	\$ -	\$ 1,711,500	\$ 1,711,500
		5.00%	5/1/23	3,575,000	1,711,500	5,286,500
			11/1/23	-	1,622,125	1,622,125
		5.00%	5/1/24	3,775,000	1,622,125	5,397,125
			11/1/24	-	1,527,750	1,527,750
		5.00%	5/1/25	3,950,000	1,527,750	5,477,750
			11/21/25	-	1,429,000	1,429,000
		5.00%	5/1/26	4,150,000	1,429,000	5,579,000
			11/1/26	-	1,325,250	1,325,250
		4.00%	5/1/27	4,375,000	1,325,250	5,700,250
			11/1/27	-	1,237,750	1,237,750
		4.00%	5/1/28	4,575,000	1,237,750	5,812,750
			11/1/28	-	1,146,250	1,146,250
		5.00%	5/1/29	4,825,000	1,146,250	5,971,250
			11/1/29	-	1,025,625	1,025,625
		5.00%	5/1/30	5,050,000	1,025,625	6,075,625
			11/1/30	-	899,375	899,375
		5.00%	5/1/31	5,300,000	899,375	6,199,375
			11/1/31	-	766,875	766,875
		5.00%	5/1/32	5,575,000	766,875	6,341,875
			11/1/32	-	627,500	627,500
		5.00%	5/1/33	5,850,000	627,500	6,477,500
			11/1/33	-	481,250	481,250
		5.00%	5/1/34	6,150,000	481,250	6,631,250
			11/1/34	-	327,500	327,500
		5.00%	5/1/35	6,450,000	327,500	6,777,500
			11/1/35	-	166,250	166,250
		5.00%	5/1/36	6,650,000	166,250	6,816,250
				<u>\$ 70,250,000</u>	<u>\$ 28,588,000</u>	<u>\$ 98,838,000</u>

On November 3, 2015 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$185,000,000 to be issued in one or more series. The bonds in the amount of \$108,725,000 representing the first series of bonds authorized, were issued for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and refurbishing, equipping and re-equipping school facilities; acquiring, installing, and equipping instructional technology for school facilities; constructing, equipping, developing and improving athletic and physical education facilities, playfields and playgrounds; purchasing school buses; developing and improving sites; and paying the costs of issuing the Bonds.

Debt Retirement Fund
Detail Schedule of Bonded Indebtedness
June 30, 2022

Debt Retirement Fund 2016 Building & Site Series II	Date of Issue	Amount of Issue			
	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
		5/25/2019	<u>\$ 56,025,000</u>		
		11/1/22	\$ -	\$ 751,759.00	\$ 751,759.00
	3.000%	5/1/23	2,225,000	751,759	2,976,759
		11/1/23		718,384	718,384
	3.000%	5/1/24	2,300,000	718,384	3,018,384
		11/1/24		683,884	683,884
	3.000%	5/1/25	2,400,000	683,884	3,083,884
		11/21/25		647,884	647,884
	3.000%	5/1/26	2,505,000	647,884	3,152,884
		11/1/26		610,309	610,309
	3.000%	5/1/27	2,585,000	610,309	3,195,309
		11/1/27		571,534	571,534
	3.000%	5/1/28	2,670,000	571,534	3,241,534
		11/1/28		531,484	531,484
	3.000%	5/1/29	2,745,000	531,484	3,276,484
		11/1/29		490,309	490,309
	3.000%	5/1/30	2,830,000	490,309	3,320,309
		11/1/30		447,859	447,859
	3.000%	5/1/31	2,915,000	447,859	3,362,859
		11/1/31		404,134	404,134
	3.000%	5/1/32	3,000,000	404,134	3,404,134
		11/1/32		359,134	359,134
	3.000%	5/1/33	3,090,000	359,134	3,449,134
		11/1/33		312,784	312,784
	3.000%	5/1/34	3,180,000	312,784	3,492,784
		11/1/34		265,084	265,084
	3.000%	5/1/35	3,275,000	265,084	3,540,084
		11/1/35		215,959	215,959
	3.000%	5/1/36	3,370,000	215,959	3,585,959
		11/1/36		165,409	165,409
	3.000%	5/1/37	3,470,000	165,409	3,635,409
		11/1/37		113,359	113,359
	3.125%	5/1/38	3,575,000	113,359	3,688,359
		11/1/38		57,500	57,500
	3.125%	5/1/39	3,680,000	57,500	3,737,500
			<u>\$ 49,815,000</u>	<u>\$ 14,693,538</u>	<u>\$ 64,508,538</u>

On November 3, 2015 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$185,000,000 to be issued in one or more series. The bonds in the amount of \$108,725,000 representing the first series of bonds authorized, were issued for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and refurbishing, equipping and re-equipping school facilities; acquiring, installing, and equipping instructional technology for school facilities; constructing, equipping, developing and improving athletic and physical education facilities, playfields and playgrounds; purchasing school buses; developing and improving sites; and paying the costs of issuing the Bonds.

Performance Measures

The District reviews its mission and objectives on an annual basis. The District strives to improve each year as measured by the State of Michigan criteria for public school districts, district performance compared to other districts within the boundaries of Oakland Schools Intermediate School District, and using the District's own performance measures over time.

Graduation, Dropout, and Attendance Rates

The District's four-year graduation and attendance rates remained steady when compared to the prior year, maintaining a stellar rating of more than 96% for both. For reference, the State of Michigan's graduation rate target is 80%. Graduation and attendance rates over the last five years are illustrated as follows:

	<u>2020-21*</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
4 Year Graduation Rate	96.26%	96.75%	96.45%	96.81%	96.00%
Attendance Rate	98.03%	96.11%	95.82%	95.97%	96.51%
Drop Out Rate	0.90%	1.75%	1.74%	1.36%	2.00%

Source: MI School Data www.mischooldata.org (Four year graduation rate)

*Most current data available

Free or Reduced Meal Rates

FOOD SERVICE STATISTICS & TRENDS JUNE 30, 2022

	2021-22	2020-21	March 21, 2020 - June 30, 2020 2019-20*	July 1, 2019 - March 21, 2020 2019-20*	2018-19
School Lunch Program:					
Total Lunches Served	1,048,949	425,269	104,327	366,107	645,142
Free Lunches Served	1,048,949	425,042	104,327	79,273	148,564
% of Free Lunches Total	100%	100%	100%	22%	23%
Reduced Price Lunches Served	-	-	-	10,756	17,470
% of Reduced Lunches Total	0%	0%	0%	3%	3%
Paid Lunches Served	-	-	-	276,078	479,108
% of Paid Lunches Total	0%	0%	0%	75%	74%
Total Enrollment (October)	14,991	14,991	16,445	16,445	15,375
School Breakfast Program:					
Total Breakfasts Served	204,366	148,168	104,456	43,990	65,587
Free Breakfasts Served	204,366	148,168	104,456	28,082	41,996
% of Free Breakfasts Total	100%	100%	100%	64%	64%
Reduced Price Breakfasts Served	-	-	-	2,813	3,553
% of Reduced Breakfasts Total	0%	0%	0%	6%	5%
Paid Breakfasts Served	-	-	-	13,095	20,038
% of Paid Breakfasts Total	0%	0%	0%	30%	31%

Source: Meal counts based on data collected at the District level, as reported to the Michigan Department of Education

*Note: The Governor of the State of Michigan closed schools on March 16, 2020 in response to the global COVID-19 pandemic. The USDA granted a waiver to the District under the Summer Food Service Program grant which

qualified the District to be reimbursed for meals prepared and distributed to children free of charge. All meals distributed after March 16, 2020 were provided through the USDA Summer Food Service Program grant.

Educator Effectiveness

Educator Evaluations are based on State law. The component is comprised of two sections that are related to data reporting requirements for schools and districts: Effectiveness Labels and Teacher Student Data Link (TSDL) completion. All of Michigan's public educators are evaluated using measures of student growth. State law requires that all educators have a reported effectiveness label; therefore, the Scorecard target for the reporting of Effectiveness Labels is 100%.

In order to tie student growth on state assessments to specific educators, students must be linked to courses and teachers through the TSDL. The TSDL is a data collection submitted to Center for Educational Performance and Information (CEPI) by schools and districts on an annual basis. The TSDL completion rate target is 95.00%. This means that at least 95.00% of a school or district's enrolled students are included in the TSDL collection.

Student Achievement

Michigan Educational Assessment and Accountability Grades K-12 State assessments measure student progress with content standards and career/college readiness goals. In grades 3-7, students are given the on-line Michigan Student Test of Educational Progress (M-STEP) test, to measure knowledge of state standards in English language arts (ELA) and mathematics. Science and social studies student knowledge is measured by the M-STEP in grades 5 and 8.

Students in grades 9 and 10 take the Preliminary Student Aptitude Test (PSAT) to measure student knowledge of ELA and mathematics, and to help prepare students for the Student Aptitude Test (SAT) college entrance exam. Every high school junior is given the SAT as part of the mandated Michigan Merit Examination (MME). The MME includes an SAT with essay to measure students' ELA and mathematic knowledge on state standards, and includes M-STEP science and social studies components as well as a work skills assessment (ACT Work Keys).

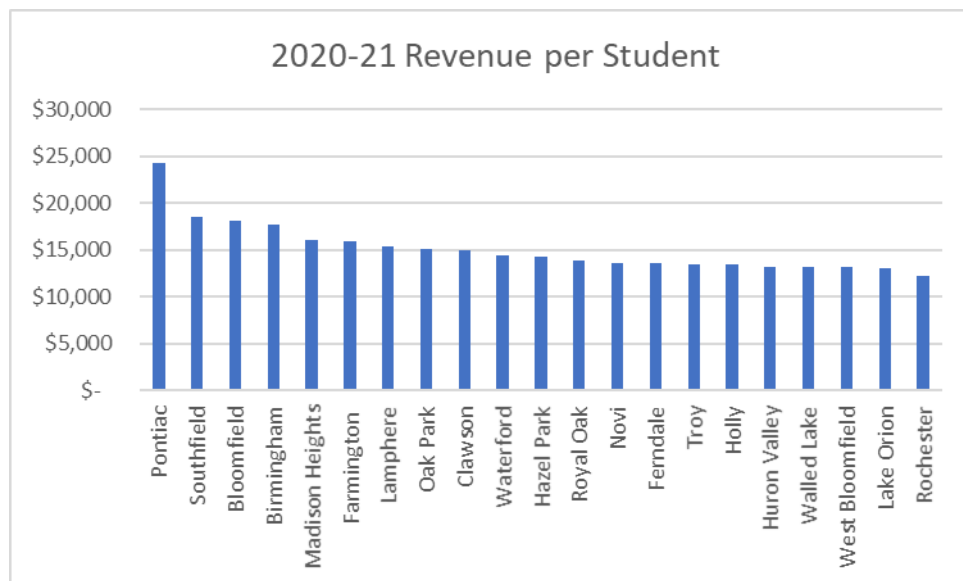
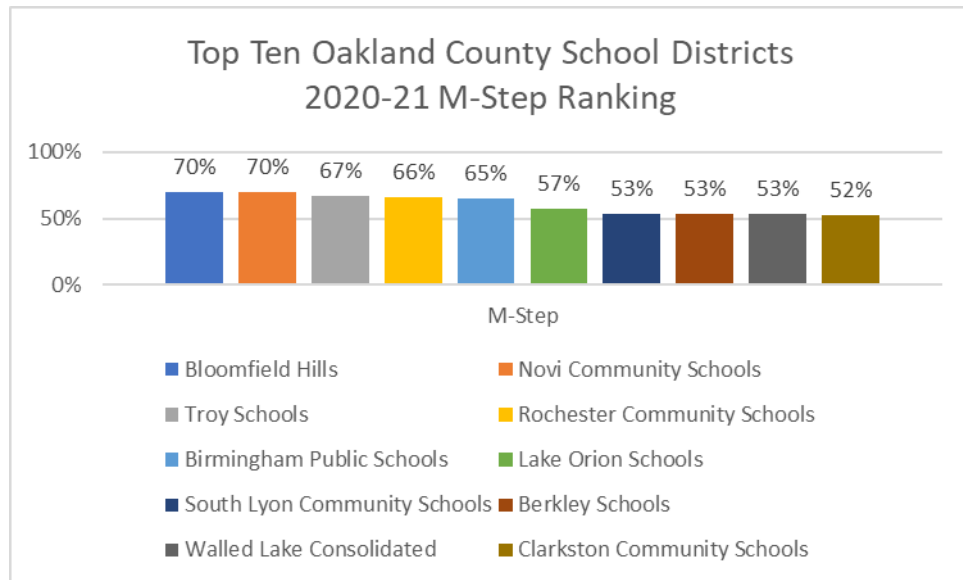
Data shows that Rochester Community Schools' students consistently score higher on the M-STEP assessments than both the county and state averages. Additionally, Rochester students often score higher than peer districts and rank in the top three schools on the PSAT and SAT.

Comparison of District Results to Other Oakland County Districts

State assessments were not administered to students during the 2019-20 school year. In 2020-21, the state of Michigan required districts to offer students the opportunity to take the state assessments; however, remote-only students were not required to participate. As a result, 32% fewer Oakland County students participated compared to the 2018-19 school year. The proportion of students participating in 2020-21 was **not** evenly distributed across districts, buildings, report categories, or grade levels. In

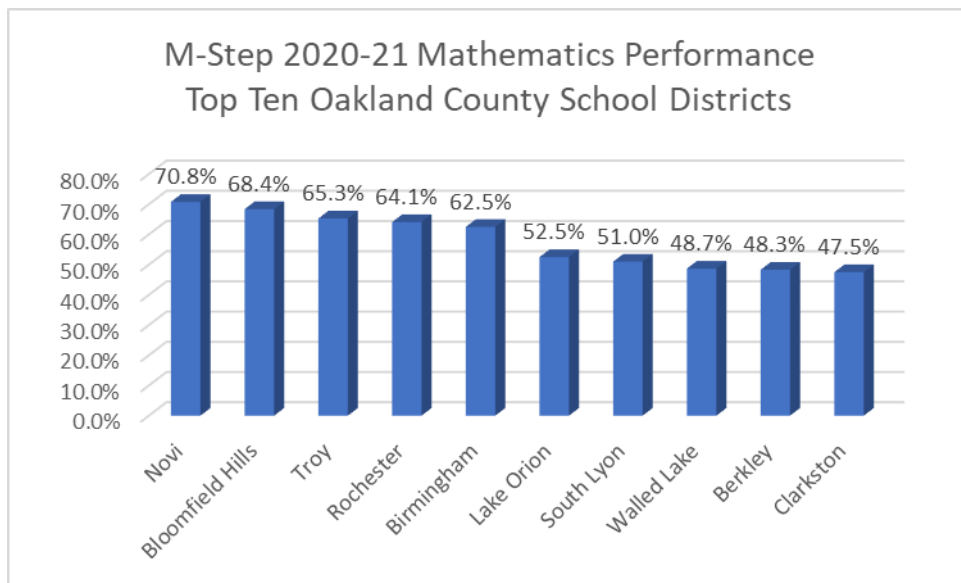
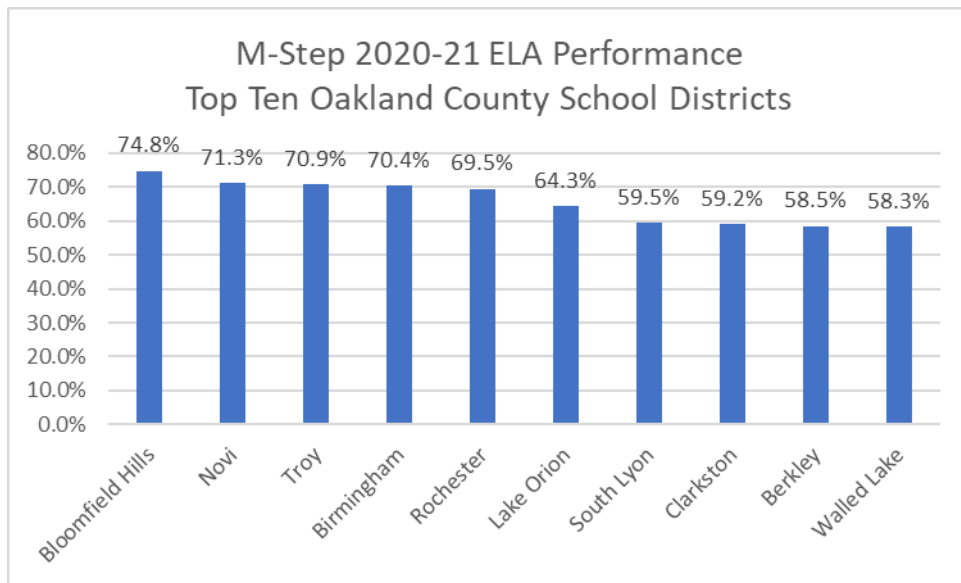
2020-21, the District was the 4th highest achieving district out of 27 districts in Oakland County on M-Step performance, while ranking 21st in revenue per student.

The following chart illustrates the M-Step Ranking and Revenues per student for Oakland County school districts:

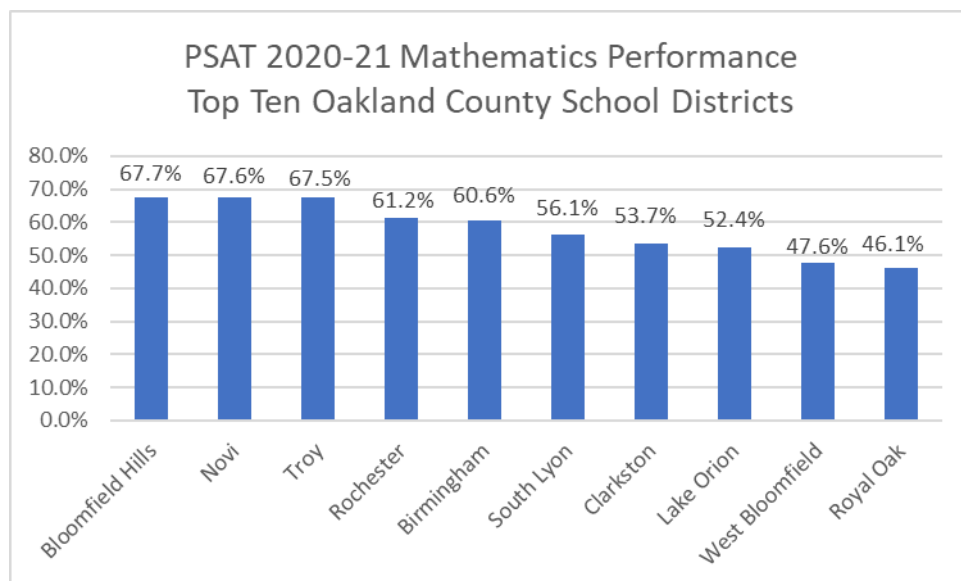
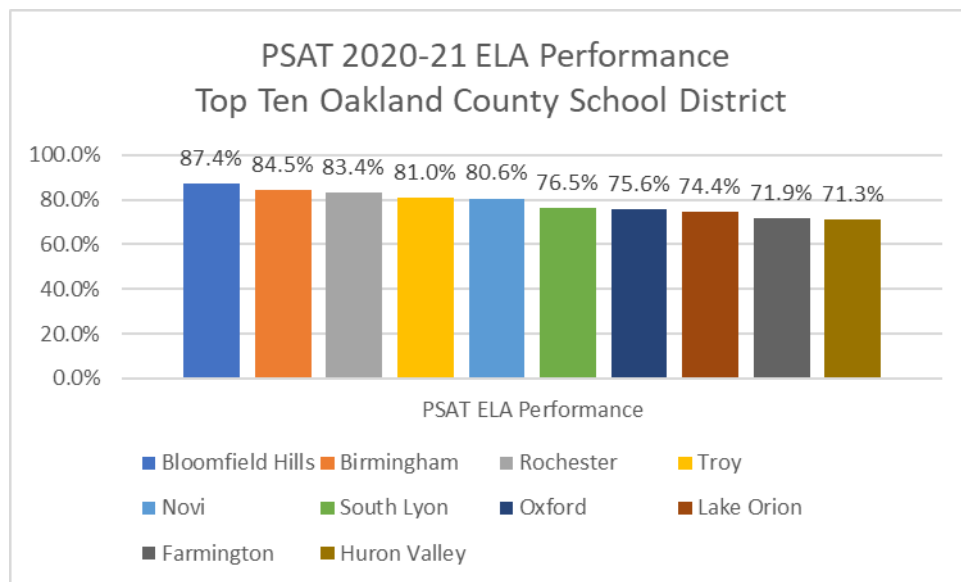


Source: MDE 2020-21 Bulletin 1014

The District ranked fifth in overall M-Step English Language Arts performance, and fourth in overall M-Step Mathematics performance as illustrated below:



The District ranked third out of 27 districts in PSAT ELA Performance, and fourth in PSAT Mathematics Performance as illustrated below:



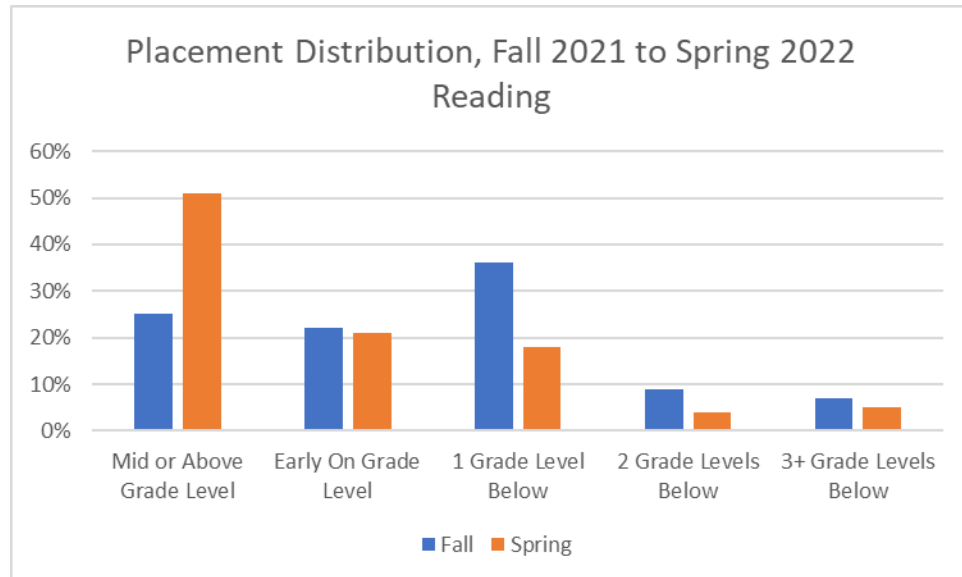
Oakland Schools advises against the comparison or ranking of individual district state assessment performance. Specific factors outside of a district's control such as, but not limited to, student population, community and family resources, district finances, school funding, and other factors can affect the services a district is able to provide and the level of support students receive in and outside of school.

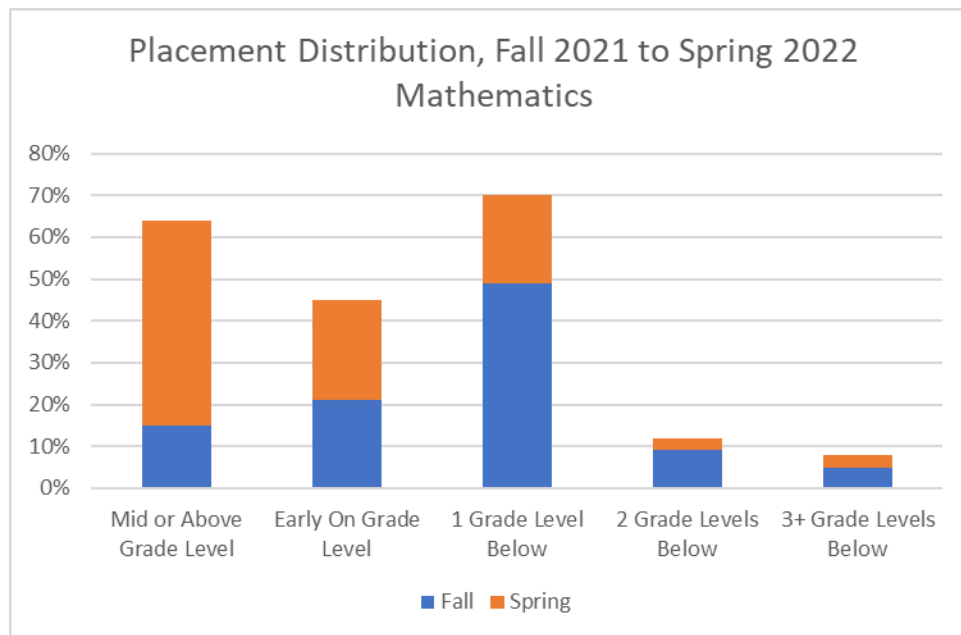
Michigan Public Act 306 (Read by Third Grade Law) was enacted in 2016. Simply stated, the law requires that in the spring of 2020, 3rd grade children not proficient on the state reading assessment should be retained.

Rochester's i-Ready Benchmark & Diagnostic Assessments enable the district to conduct a deeper diagnostic with sub scores to achieve school improvement goals through a multi-tiered system of support to meet Michigan's Read by Third Grade law. The district began the benchmark and diagnostic assessments process 2014 with students in kindergarten through second grade for the 2014-15 school year. In 2017, that process expanded to all students in grades kindergarten through fifth grade for the 2017-18 school year. Finally, in 2020 the process was expanded to all students in grades kindergarten through eighth grades. Three testing windows are conducted per year at the Elementary grade levels; 2 testing windows are conducted at the middle school level. Testing includes a K-5 math instruction individualized intervention on-line component and reading and math licenses were available to all K-5 students during the COVID-19 health pandemic. Assessments are aligned to state standards in English language arts and mathematics.

The district administers i-READY Benchmark assessments to students within the first 30 days of school, along with a diagnostic assessment (Fountas and Pinnell running record). Within 30 days of the assessment, using assessment data, the district creates an Individualized Reading Improvement Plan (IRIP) for each student. The IRIP describes the reading intervention services to be provided and include an at-home reading plan.

The following chart illustrate District fall 2021 and spring 2022 comparison diagnostic results:





The i-Ready placements are an indication of the material students are expected to know at each grade level. The mid on-grade placement refers to students who may be considered proficient for their grade. Diagnostic results show a high level of student growth and achievement at every level, regardless of the COVID-19 challenges to the learning environment. This is a longitudinal analysis.

The District is committed to establishing and maintaining fidelity of K-12 curriculum and strengthening the pedagogy and best practices in ELA and Math instruction.

Glossary of Terms

Accounting System – The total structure of records and procedures which discover, record, classify, and report information on the financial position of a school district or any of its funds, balanced account groups and organizational components.

Accrual Basis – The basis of accounting under which revenues are recorded in the accounting period in which they are earned and become measurable and expenses are recorded in the period incurred, if measurable, notwithstanding that the receipt of the revenue or the payment of the expense may take place, in whole or in part, in another accounting period.

Accrued Expenses – Expenses incurred during the current accounting period but which are not paid until a subsequent accounting period.

Accrued Revenue - Revenue measurable and available or earned during the current accounting period but which is not collected until a subsequent accounting period.

Allocation – An amount (usually money or staff) designated for a specific purpose or program.

Appropriation – An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

Assessed Valuation – An estimate of the dollar value of property within a political division upon which taxes may be assessed.

Assigned Fund Balance – Balances that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. Examples are amounts designated for the cost of compliance with ADA requirements, insurance deductibles, contingencies for the outcomes of lawsuits, and others.

Asset – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

Basic Programs – The programs that currently make up the total basic programs are: Regular K-12 and preschool programs.

Bond – A written promise to pay a specified sum of money, called the face value, at a fixed time in the future, called the maturity date, together with periodic interest at a specified rate.

Budget – A plan of financial operation consisting of an estimate of proposed expenditures for a given period and the proposed means to finance them.

Business Services – Activities concerned with purchasing, paying, transporting, exchanging and maintaining goods and services for the school district. This includes activities concerned with the fiscal operations of the school system including budgeting, receiving and disbursing, financial accounting, payroll, purchasing, inventory control and internal auditing. Also included are activities with storing and distributing supplies, furniture and equipment.

Central Services – The function classification assigned to those activities, other than district administration, that support the other instructional and supporting service programs. These activities include personnel services, information services and public information services.

Certified Tax Rate – The property tax rate that will provide the same tax revenue for the school district as was received the prior year, excluding growth. Law will set the certified tax rate for the minimum school program. Therefore, increases in the basic levy do not cause a school district to exceed its certified tax rate.

Committed Fund Balance – The portion of fund balance that includes amounts that can be used only for specific purposes determined by formal action of the Board. Early retirement incentive payments could be classified as committed fund balance.

Debt – An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants and notes, etc.

Deferred Revenues – Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Depreciation – Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Depreciation is appropriate for funds accounted for on the accrual basis.

Designated Fund Balance – A portion of fund balance that is set aside for a specific purpose to be used in future years.

District Administration – The function classification assigned to those activities concerned with establishing and administering policy in connection with operating the District. These include the Board of Education, superintendent, auditor services, legal services, team leaders, and their necessary secretarial support.

Encumbrances – Obligations in the form of purchase orders, contracts, or salary commitments, that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when the actual liability is set up. They represent commitments related to unperformed contracts for goods or services.

Expendable Trust Funds – Funds established to account for and provide stewardship over expendable assets held in trust by the government.

Fair Market Value – The amount at which property would change hands between a willing buyer and a willing seller, neither under any compulsion to buy or sell and both having a reasonable knowledge of the relevant facts, and includes the adjustment for any intangible values. For purposes of taxation, “fair market value” shall be determined using the current zoning laws affecting that property in the tax year in question and the change would have an appreciable influence upon the value.

Fiduciary Funds – Funds established to hold or manage financial resources in an agent or fiduciary capacity.

Fiscal Year – A 12 month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. Grand Blanc Community Schools' fiscal year begins on July 1 and ends on June 30.

Fixed Assets – Land, buildings, machinery, furniture, and other equipment which the school system intends to continue to use or possess, and does not indicate immobility of an asset.

FTE (Full Time Equivalent) – An employee that is hired to fill a normal contract day is equivalent to FTE, i.e., a classroom teacher that teaches a full day for the full school year equals 1 FTE.

Function – A group of related activities aimed at accomplishing a major service or regulator program for which a government is responsible. The activities or the District are classified into broad areas or functions as follows: instruction, support services and non-instructional services.

Fund – A fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund, balance, revenue and expenditures.

Fund Balance – The difference between fund assets and fund liabilities of governmental and similar trust funds.

GAAP (Generally Accepted Accounting Principles) – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity.

GASB (Governmental Accounting Standards Board) – The authoritative accounting and financial reporting standard-setting body for government entities.

Governmental Fund Types – Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except those that are accounted for in proprietary funds and fiduciary funds. In essence, these funds are accounting segregation of financial resources. The maintenance and operation fund, special revenue funds and capital outlay fund are classified as Governmental Fund Types.

Indirect Costs – Those elements of costs necessary in the production of a good or service which are not directly traceable to the product or service.

Instruction – The function assigned to activities dealing directly with the interaction between teachers and students. Teaching may be provided for pupils in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving other medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or assistants of any type, (clerk, graders, teaching machines, etc.) which assist in the instructional process.

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Inventory – A detailed list or record showing quantities, descriptions and values. Frequently the units of measure and unit prices of property on hand at a given time, and the cost of supplies and equipment on hand not yet distributed to requisitioning units are also listed.

Liabilities – Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Location – Group activities and operations that take place at a specific site or area, such as an elementary school.

Modified Accrual Basis – The basis of accounting under which revenues are recorded in the accounting period in which they become available and measurable and expenditures are recorded in the accounting period in which the liability is incurred, if measurable, notwithstanding that the receipt of the revenue or the payment, of the expenditure may take place, in whole or in part, in another accounting period. The modified accrual basis of accounting is appropriate for governmental funds and expendable trust funds.

Non-Instructional Services – The function assigned to activities concerned with providing non-instructional service to students, staff or the community including community and adult education.

Non-spendable Fund Balance – A fund balance category for amounts that are considered non-spendable, such as fund balance associated with inventories.

Object – The accounting classification assigned to transactions that applies to the article itself (item purchased, the service obtained, the revenue collected, etc.) rather than to the purpose for which the article or service was purchased or collected.

Operation of Plant – The function classification assigned to those activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. These activities include maintenance,

custodians, utilities, grounds, equipment and vehicle services and property insurance.

Program – Group activities, operations, or organizational units directed to attaining specific purposes or objectives.

Property – Any property which is subject to assessment and taxation according to its value, but does not include moneys, credits, bonds, stocks, representative property, franchises, goodwill, copyrights, patents, or other intangibles.

Residential Property – Any property used for residential purposes as a primary residence. It does not include property used for transient residential use or condominiums used in rental pools.

Restricted Assets – Monies or other resources, the use of which is restricted by legal or contractual requirements.

Restricted Fund Balance – A portion of fund balance that includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through legislation. Debt retirement on installment loans is an example of this.

Revenues – Increases in the net current assets of a governmental fund type from other than expenditure refunds, residual equity transfers, general long-term debt proceeds and operating transfers in.

School Lunch Fund – The special revenue fund used by the District to account for the food service activities of the District as required by state and federal law.

School Administration – The function classification assigned to those activities concerned with overall administrative responsibility for a single school or a group of schools. These include principals, assistant principals, and secretarial help.

Self-Insured – A term often used to describe the retention of an entity of a risk of loss arising out of ownership or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy.

Staff Support Services – The function classification assigned to those activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils. These activities include in-service, curriculum development, libraries and media centers.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources (other than expendable trusts of major capital projects) that are legally restricted to expenditures for specified purposes.

Student Support Services – The function classification assigned to those activities which are designed to assess and improve the well-being of students and to supplement the teaching process. These include guidance counselors, attendance personnel, psychologists, social workers, health service workers, and the attendant officer personnel who assist with the delivery of these services.

Student Transportation – The function classification assigned to those activities concerned with the conveyance of students to and from school, as provided by State law. These include the transportation director, route and transportation coordinators, the attendant secretarial help, bus drivers, bus maintenance and other bus operations.

Support Services - The function classification assigned to those services, which provide administrative, technical, personal and logistical support to facilitate and enhance instruction. Subcategories of support services include business services, central services, district administration, staff support, and operation of plant, school administration, student support, and student transportation.

Tax Rate – A rate of levy on each dollar of taxable value of taxable property except fee-in-lieu properties.

Taxable Value – The fair market value less any applicable reduction allowed for residential property.

Taxes – Compulsory charges levied by a governmental unit to finance services performed for the common benefit.

Truth-in-Taxation – The section of the law that governs the adoption of property tax rates. A stipulation of the law requires an entity to advertise and hold a hearing if it intends to exceed the certified tax rate.

Unassigned Fund Balance - The portion of fund balance that includes all spendable amounts not contained in other classifications.