

ROCHESTER COMMUNITY SCHOOLS

Annual Budget
For the Fiscal Year Ended June 30, 2021



501 W. University Dr.
Rochester, Michigan 48307
USA
www.rochester.k12.mi.us

Proposed 2020-21 Budget Rochester Community Schools

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Rochester Community Schools Executive Summary Section



ROCHESTER COMMUNITY SCHOOLS
501 W. UNIVERSITY DRIVE
ROCHESTER, MICHIGAN 48307

Board of Education



Kristin Bull, 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 2020



Kevin Beers, Vice 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



Michael Zabat, Treasurer

Mike earned a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines and a Master of Science degree in Aerospace Engineering from the University of Southern California. Mike currently works as a lead associate for Booz Allen Hamilton. Mike and his wife have been residents of Rochester Hills for nearly 20 years.
Term 2020



Michelle Bueltel, Secretary

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



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



Andrea Walker-Leidy, Trustee

Andrea earned a Bachelor of Science degree in English from Rochester College. Andrea serves as Development Director for Meadow Brook Theatre and manages Walker Publicity Consulting, was named Young Professional of the Year by the Rochester Regional Chamber of Commerce in 2010, and was recognized as Oakland County Executive L. Brooks Patterson's Elite 40 Under 40 in 2016. Andrea and her husband have one son.
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 2020

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
Carrie Lawler

Executive Director of Elementary Education
Cory Heitsch

Executive Director of Communications
Lori Grein

Executive Director of Technology and Strategic Initiatives
Cindy Lindner

Executive Director of Special Education
Concetta Lewis

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

501 W. University Drive, Rochester, Michigan 48307. Phone: 248.726.3000. Fax: 248.726.3105.

June 22, 2020

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

This document contains the fiscal year 2020-21 recommended budgets for adoption and a final revision of the budget for fiscal year 2019-20. 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
 - Pre-K
 - 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 third 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

In March 2015, the Board adopted the following objectives in its five-year plan titled *Pride in Excellence: Strategic Planning 2020*:

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 over the next five years.

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.
- The District engages experts to project enrollment growth and per-pupil foundation allowance adjustments. This 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 2020-21:

2020-21 BUDGET CALENDAR				
Superintendent & Deputy Supt. for Business Affairs	Superintendent's Cabinet	Superintendent's Business & Operations Advisory Committee	<u>Board of Education</u>	
			Review	Adoption & Amendments
Monday, March 2, 2020	Tuesday, March 10, 2020	Monday, May 20, 2019	Monday, May 18 2020	Adoption Monday, June 15, 2020
	Tuesday, March 17, 2020		*June TBD	Amendment November 2020
				Regular Meeting Amendment February 2021
				Regular Meeting Amendment June 2021
				Special Meeting
Adopt 2021-22 Budget at June 2021 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 2020-21 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.

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 2020-21 adopted budget reflects the Board's commitment to its mission and objectives.

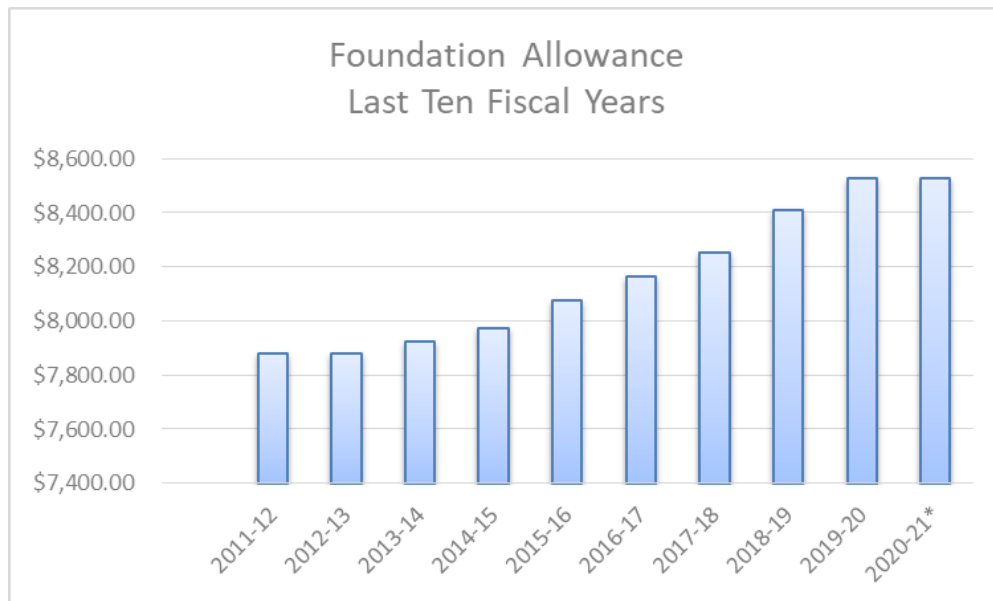
Summary of Revenues – All Funds

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. Between 2011 through 2018, the State allocated to each district the amount of foundation allowance to be distributed for the following year. In 2019, the State legislature failed to agree on the amount to be distributed before school districts Michigan's Governor issued a stay-at-home order and closed all Michigan public school buildings in an effort to address the COVID-19 pandemic crisis. As of the date of this report, the full economic impact of the stay-at-home order on school funding is unknown.

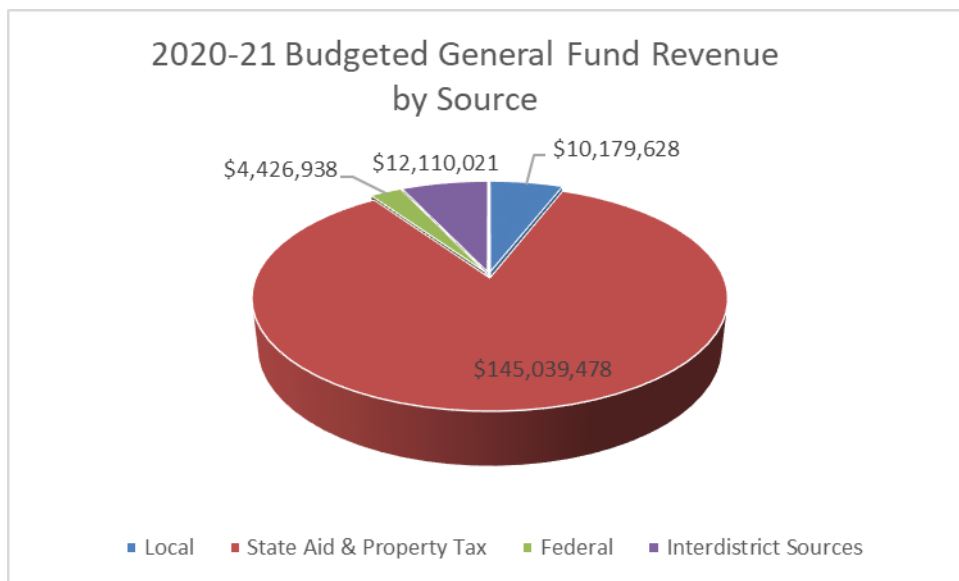
The District's General Fund will be amended in November 2020 to reflect the actual foundation allowance after the allocation amount for each district has been established by the State.

The following graph illustrates per-pupil foundation allowance net of permanent reductions over the past ten years:



* Estimated

General Fund 2019-20 budgeted revenue by source is illustrated as follows:



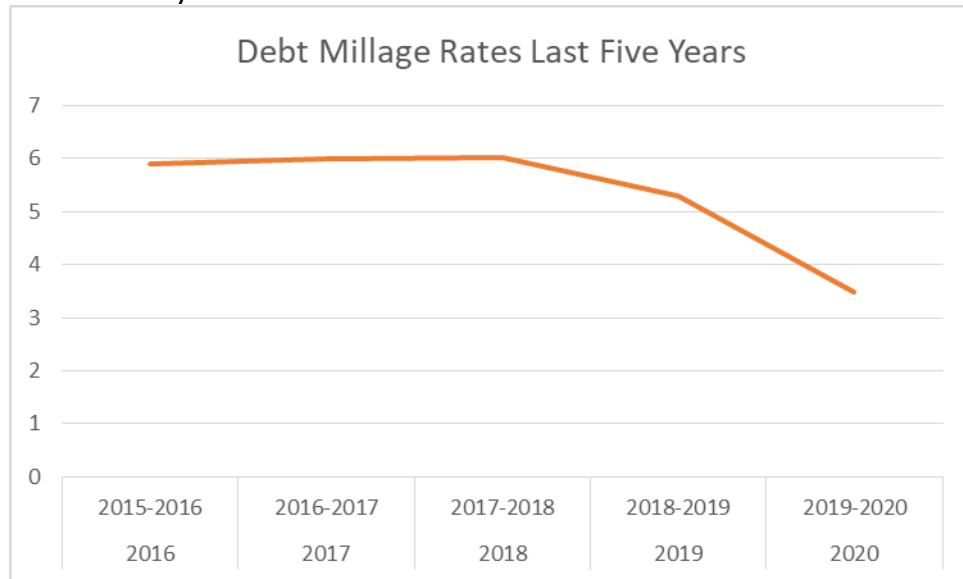
Capital Projects Funds

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 2022 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 a new source of revenue to fund facility repairs and replacement.

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. In February, 2016, the District issued the first series of general obligation Building and Site bonds in the amount of \$128 million. The second series was issued in the spring of 2019 in the amount of \$57 million, for a total of \$185 million. The District currently levies 2.4674 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.

The 2018-19 school year was the first year of operation for the Early Learning Fund. 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. None of the Special revenue Funds are directly supported by the District's General Fund.

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

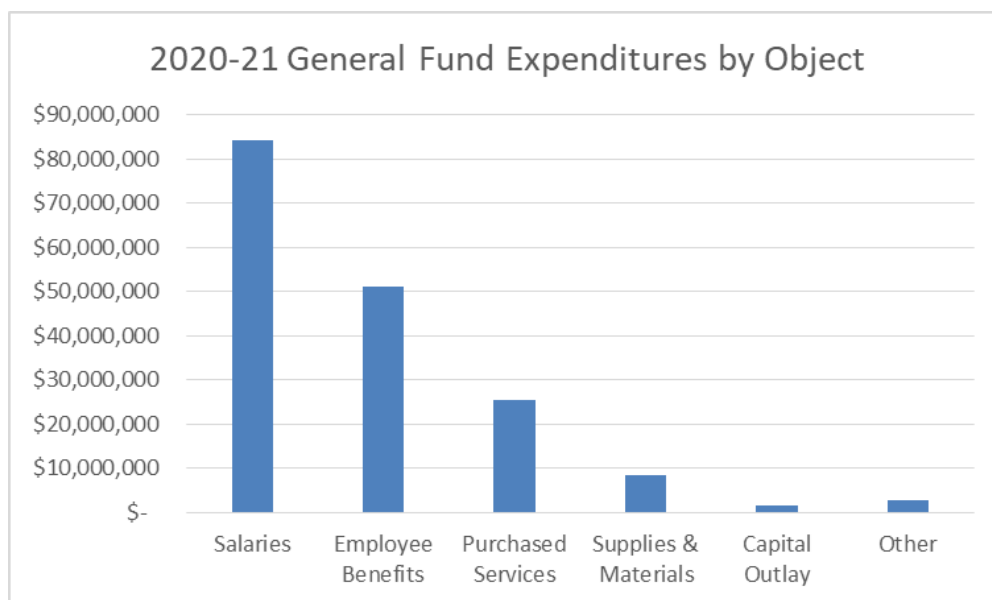
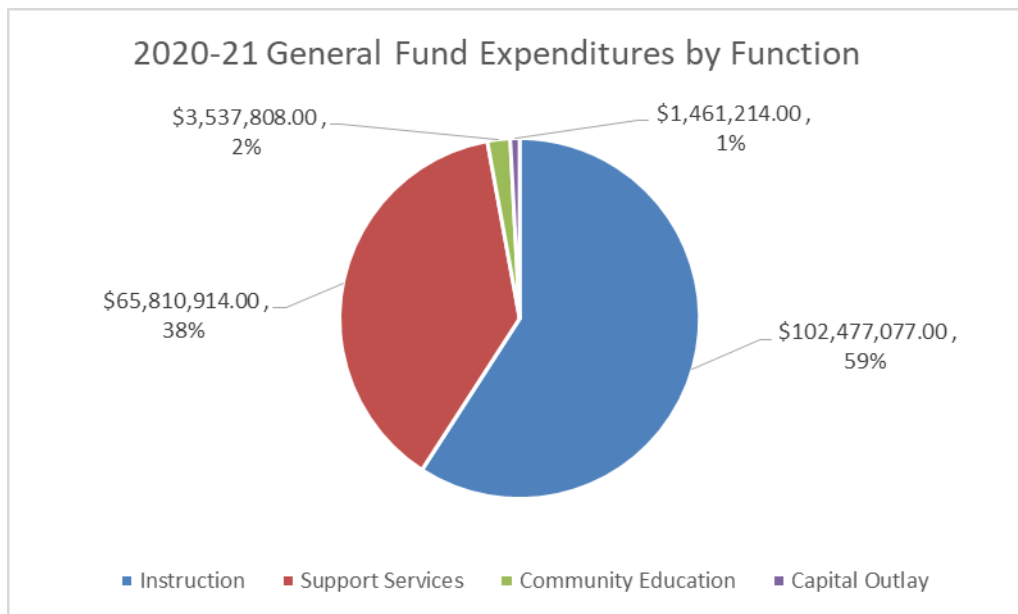
Governmental Funds

	Budget 2020-21	Final Budget 2019-20	Actual 2018-19
Local Sources			
Property tax levy	\$ 19,968,811	\$ 19,714,200	\$ 18,100,855
Earnings on investments	126,500	78,230	125,768
Tuition from patrons	372,810	369,370	415,600
Rentals	826,568	612,646	716,615
Contributions and grants	52,051	86,713	15,823
Medicaid	1,227,702	1,227,702	1,227,702
Athletics gate receipts	230,000	230,000	229,713
Other local revenue	7,343,997	5,792,766	7,096,033
Total revenues from local sources	30,148,439	28,111,627	27,928,109
State Sources			
Grants - unrestricted			
State school aid	97,628,117	105,735,322	108,203,771
Grants - restricted			
Special education	8,404,155	11,109,365	10,442,825
At risk	2,021,542	1,681,934	982,369
Vocational education	160,586	160,586	177,551
Early childhood education	378,979	340,530	371,542
MPSERS Cost Offset	3,101,447	2,878,954	2,080,709
MPSERS UAAL	11,667,346	10,547,221	10,877,603
Other	1,708,495	2,527,743	1,615,378
Total revenues from state sources	125,070,667	134,981,655	134,751,748
Federal Sources			
Grants - restricted			
Special education - I.D.E.A.	3,174,129	3,631,619	3,259,066
Title I	437,065	367,759	298,058
Medicaid Outreach	-	-	451
Title II A	260,008	336,669	269,542
Title III	361,420	356,088	179,588
Title IV	19,076	24,824	33,665
Adult education	175,240	172,138	146,705
Total revenues from federal sources	4,426,938	4,889,097	4,187,075
Interdistrict Sources			
County sources	12,110,021	12,110,021	11,352,304
Total county sources	12,110,021	12,110,021	11,352,304
Other Financing Sources			
Other Reimbursements	-	-	37,327
Total other sources	-	-	37,327
Total revenues and Other financing sources	\$ 171,756,065	\$ 180,092,400	\$ 178,256,563

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 2020-21 General Fund budgeted expenditures by function and object:



Debt retirement Fund

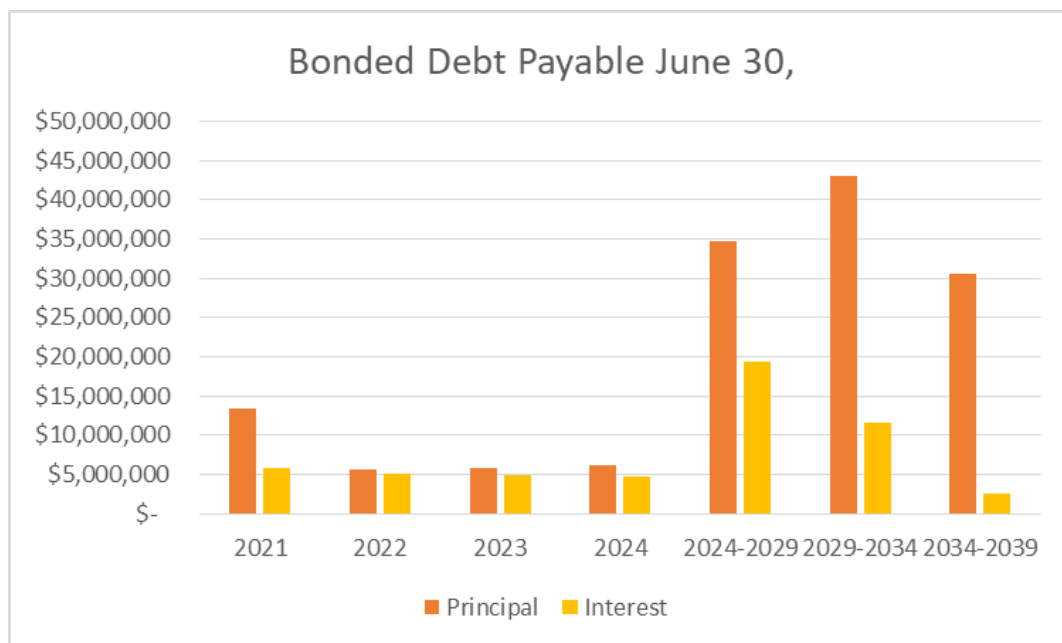
The two outstanding bond issues at June 30, 2020 are as follows:

\$108,725,000 2016 Series I 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%.	\$ 84,975,000
--	---------------

\$56,025,000 2016 Series II 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%.	<u>54,030,000</u>
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Total Bonds Payable	<u>\$139,005,000</u>
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The following table illustrates future principal and interest payments to maturity:

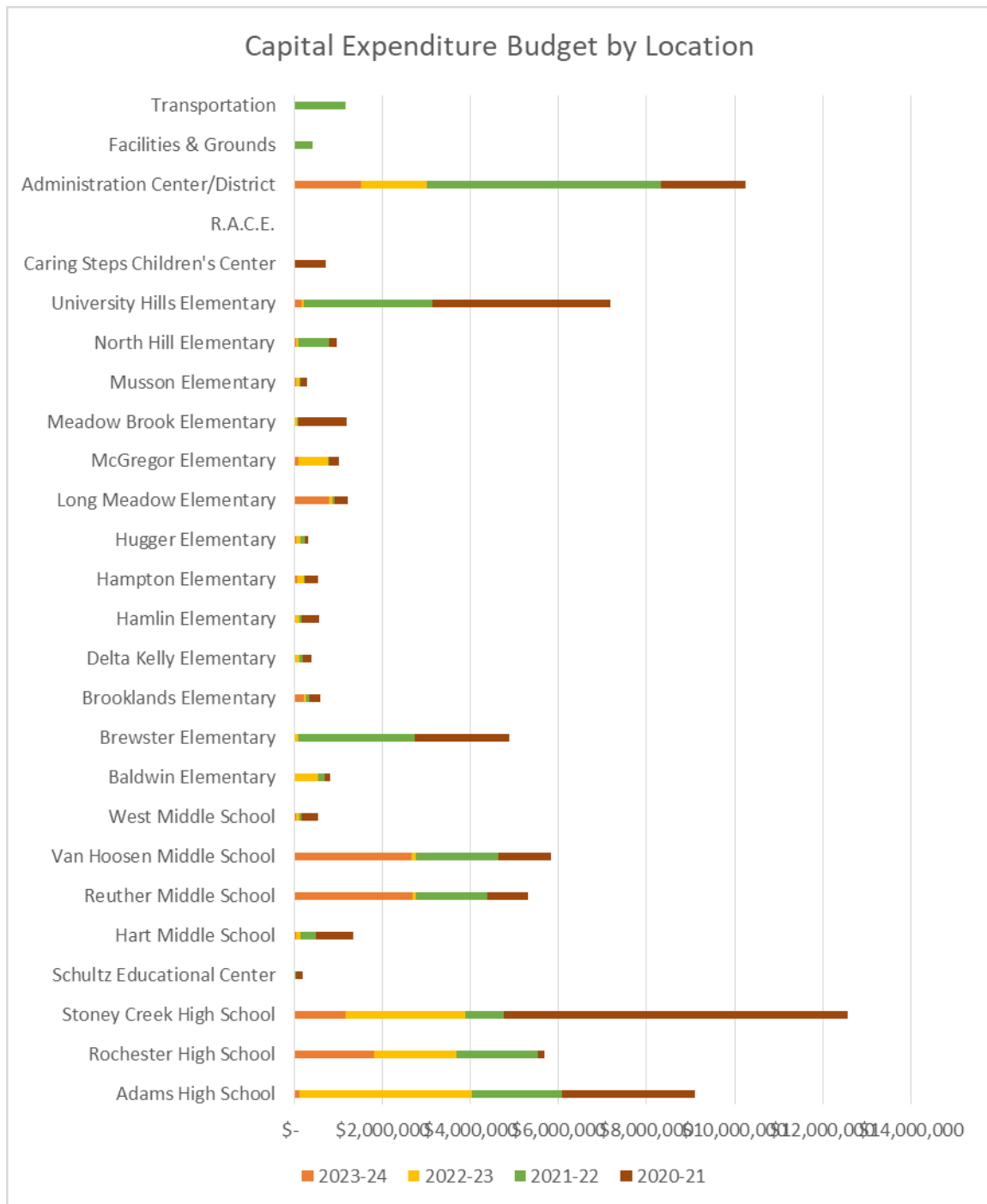


Capital Projects Funds

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 2022.

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 graph illustrates the planned Capital Project Funds budget by Location:



Special revenue Funds

The District purchased a school building in early 2018 and began operating an Early Learning program in the fall of 2018. This program serves children aged 0 – 5 and receives tuition revenue from participating families. The Book Store program charges students 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>2020-21 Budget</u>	<u>2019-20 Final Budget</u>	<u>2018-19 Actual</u>
General Fund			
Salaries	\$ 84,324,341	\$ 85,518,065	\$ 82,960,970
Benefits	51,083,285	52,320,986	51,268,319
Purchased Services	25,442,257	22,352,229	18,110,841
Supplies & Materials	8,258,150	6,779,313	6,796,879
Capital Outlay	1,461,214	3,487,333	1,370,117
Other	<u>2,717,766</u>	<u>2,539,804</u>	<u>2,418,751</u>
Total General Fund	173,287,013	172,997,730	162,925,878
Debt Retirement Fund			
Principal Payments	13,365,000	21,820,000	21,970,000
Interest & Other Fees	<u>5,849,219</u>	<u>6,841,392</u>	<u>6,147,598</u>
Total Debt Fund	19,214,219	28,661,392	28,117,598
Capital Projects Fund			
Capital Projects	<u>26,617,382</u>	<u>34,000,691</u>	<u>39,052,498</u>
Total Capital Projects	26,617,382	34,000,691	39,052,498
Special Services Funds			
Salaries	93,703	89,241	52,893
Purchased Services	2,798,946	2,715,101	2,258,682
Supplies & Materials	1,648,228	1,601,624	1,583,047
Capital Outlay	540,036	527,327	403,528
Fringe Benefits	57,249	54,523	28,241
Other	<u>2,177,745</u>	<u>2,208,215</u>	<u>3,885,734</u>
Total School Service	<u>7,315,908</u>	<u>7,196,031</u>	<u>8,212,125</u>
Total All Funds	<u>\$ 226,434,522</u>	<u>\$ 242,855,844</u>	<u>\$ 238,308,099</u>

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

	2020-21 Budget	2019-20 Final Budget	2018-19 Actual
Fund Balances			
General Fund	\$ 34,585,887	\$ 36,264,566	\$ 36,334,421
Debt Service	3,664,079	3,704,925	3,736,324
Capital Projects	15,290,745	33,391,690	66,691,381
School Service	2,680,637	2,843,015	3,096,257
Total	<u>\$ 56,221,348</u>	<u>\$ 76,204,196</u>	<u>\$ 109,858,383</u>

Significant Trends

Enrollment and State Aid are two of the most significant trends that impact the District. Overall, statewide enrollment has decreased, however, the most recent projection indicates stable enrollment over the next five years. The full

economic impact of the global pandemic on school funding 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:

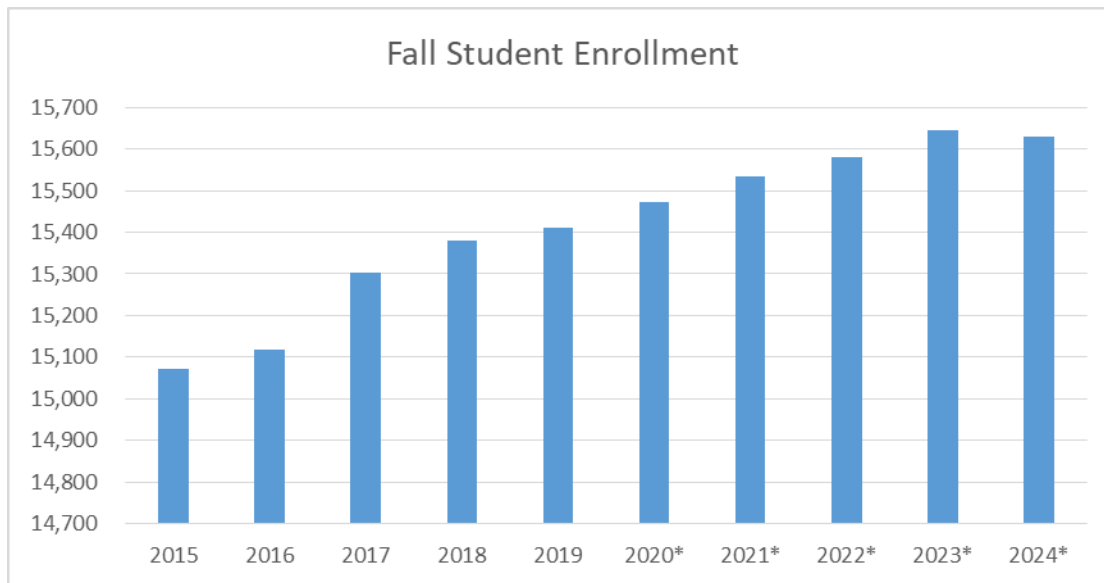
	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
<u>General Fund</u>				
Revenue	\$ 175,996,004	\$ 174,581,849	\$ 173,169,539	\$ 171,756,065
Expenditures	178,132,902	176,597,043	175,134,878	173,434,744
Change in fund balance	(2,136,898)	(2,015,194)	(1,965,339)	(1,678,679)
Fund balance - July 1	30,605,355	32,620,549	34,585,888	36,264,567
Fund balance - June 30	\$ 28,468,457	\$ 30,605,355	\$ 32,620,549	\$ 34,585,888
<u>Debt Retirement Fund</u>				
Revenue	\$ 10,766,775	\$ 10,737,246	\$ 10,748,006	\$ 19,173,373
Expenditures	10,816,019	10,786,519	10,797,269	19,214,219
Change in fund balance	(49,244)	(49,273)	(49,263)	(40,846)
Fund balance - July 1	3,565,543	3,614,816	3,664,079	3,704,925
Fund balance - June 30	\$ 3,516,299	\$ 3,565,543	\$ 3,614,816	\$ 3,664,079
<u>Capital Projects Fund</u>				
Revenue	\$ 8,630,207	\$ 8,460,987	\$ 8,347,503	\$ 8,516,437
Expenditures	8,530,595	8,363,328	23,162,281	26,617,382
Change in fund balance	99,612	97,659	(14,814,778)	(18,100,945)
Fund balance - July 1	573,626	475,967	15,290,745	33,391,690
Fund balance - June 30	\$ 673,238	\$ 573,626	\$ 475,967	\$ 15,290,745
<u>School Service Funds</u>				
Revenue	\$ 8,568,186	\$ 8,078,602	\$ 7,817,350	\$ 7,153,532
Expenditures	8,223,132	7,756,177	7,404,542	7,315,910
Change in fund balance	345,054	322,425	412,808	(162,378)
Fund balance - July 1	3,415,870	3,093,445	2,680,637	2,843,015
Fund balance - June 30	\$ 3,760,924	\$ 3,415,870	\$ 3,093,445	\$ 2,680,637

Student Enrollment Trends & Forecast

The District expects enrollment to remain flat for the 2020-21 school year. Rochester Community Schools is a Michigan public school district

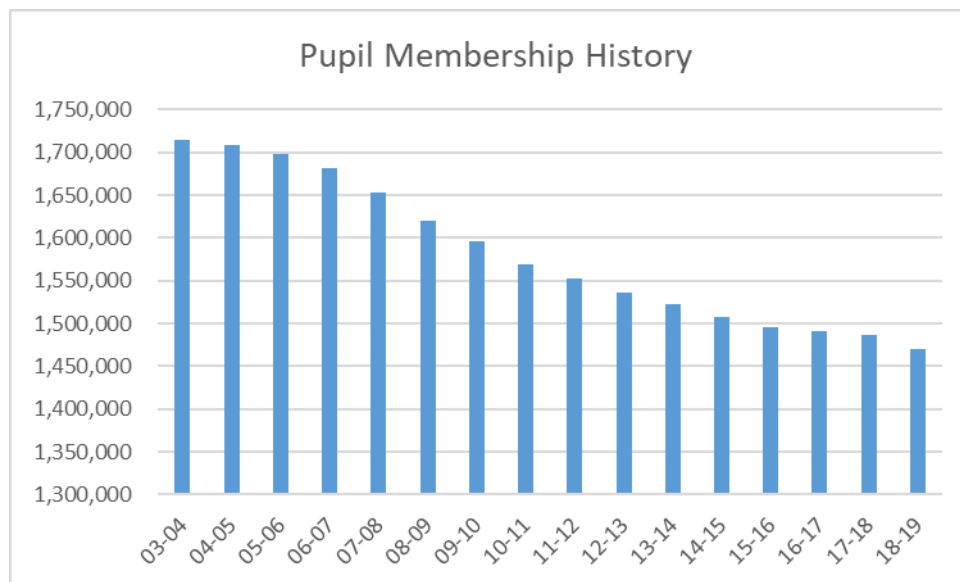
geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

Actual and projected fall student enrollment is illustrated as follows:



*Projected

State-wide student enrollment decreased between 2003-04 and 2018-19 (the most current available data) by approximately 244,602 students. State student enrollment is 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 & Rate Trends

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.

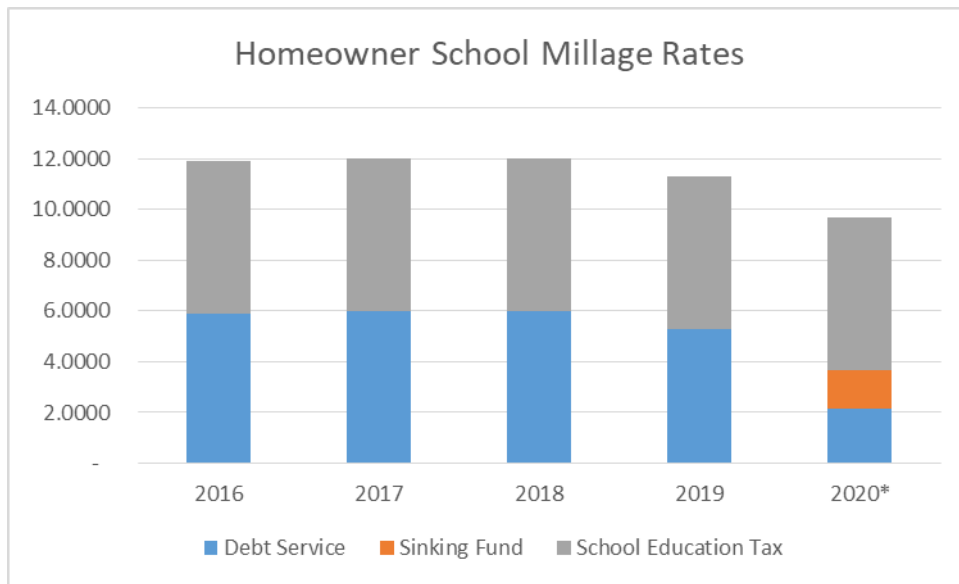
The District's 10-year operating millage renewal was approved by the voters of the community in May of 2014. The current authorized millage is 18.7361 mills, which provides a cushion in the event that the Headlee Amendment is triggered by economic conditions. The operating millage authorization expires 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)				
2016	\$ 4,470,268,174	\$ 916,228,502	18.0000	5.9000	-	23.9000
2017	4,661,651,920	976,003,850	18.0000	6.0000	-	24.0000
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	2.1674	1.5000	21.6674

*Estimated

The current homeowner millage rate totals 9.6674 mills which includes a state education tax of 6 mills, a debt levy of 2.4674 mills, and a sinking fund levy of 1.5000 mills. District millage rates for the last five years can be illustrated as follows:



*Estimated

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:

Personnel Resource Allocations
Full-Time Equivalent (FTE)

Position	Actual*			
	2016-17	2017-18	2018-19	2019-20
Teachers	893	901	902	909
Administrators	32	32	33	35
Secretaries	90	90	92	80
Maintenance/Grounds/Technicians	42	42	37	32
Paraprofessionals	274	274	272	277
Executive Staff/Directors	10	10	11	12
Total FTE	1,341	1,349	1,347	1,345

Personnel Resource Allocations
Full-Time Equivalent (FTE)

Position	Projected**			
	2020-21	2021-22	2022-23	2023-24
Teachers	902	904	905	905
Administrators	33	33	33	33
Secretaries	92	92	92	92
Maintenance/Grounds/Technicians	37	37	37	37
Paraprofessionals	272	272	272	272
Executive Staff/Directors	11	11	11	11
Total FTE	1,347	1,349	1,350	1,350

*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 2.1674 mills for debt retirement.

The following is a summary of bonded debt transactions for the year ended June 30, 2020:

Balance July, 1, 2019	\$ 160,825,000
Retirements and Payments	<u>21,820,000</u>
Balance June 30, 2020	<u>\$ 139,005,000</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 is 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

Dana J. Taylor

Robert Shaner, Ph.D.
Superintendent
Meritorious Budget Award

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



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 2019-2020.

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



A handwritten signature in black ink, reading 'T E Wohlleber'.

Thomas E. Wohlleber, CSRM
President

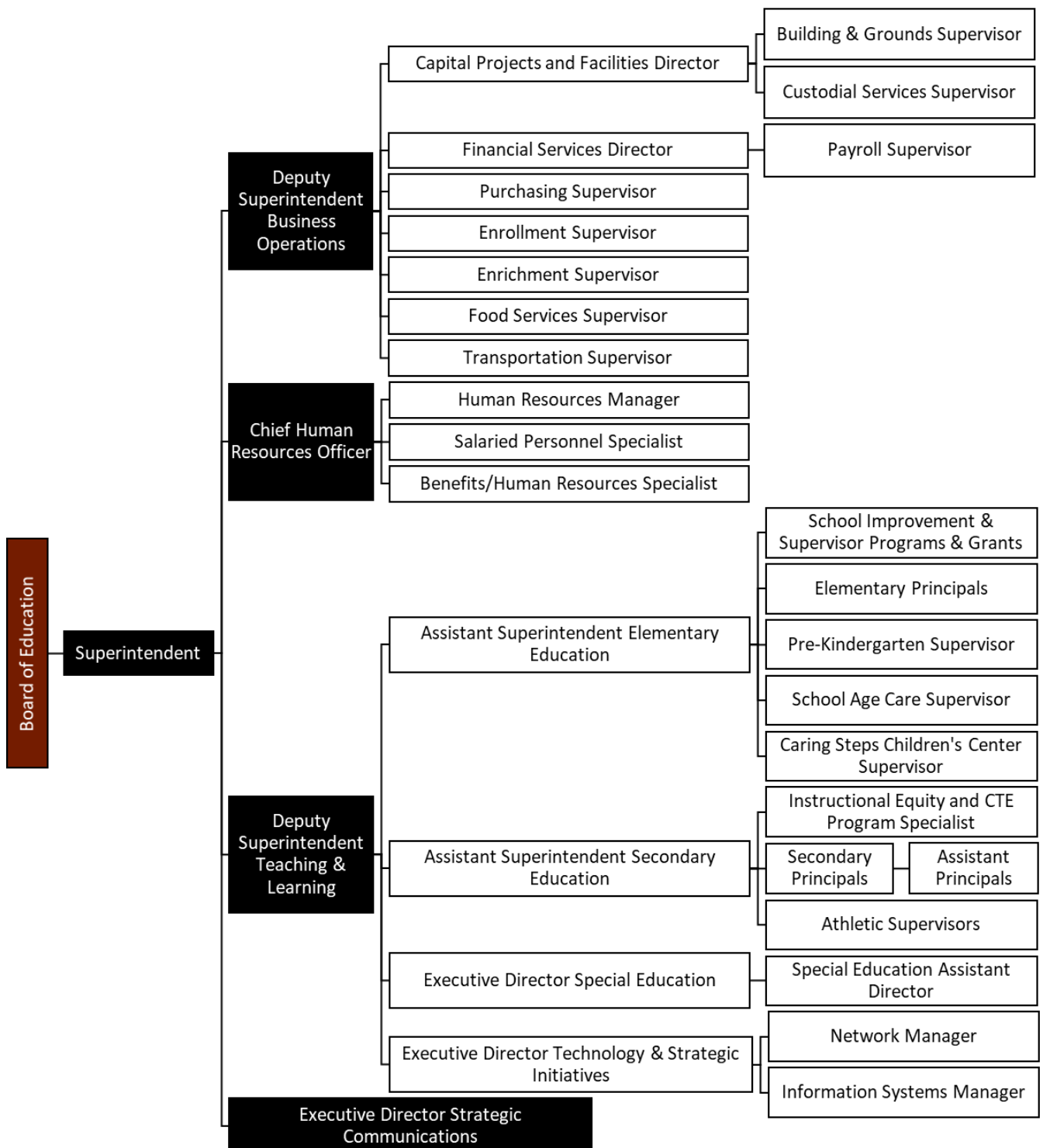
A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Rochester Community Schools Organizational Section



Administration Organizational Chart



Governance and Fiscal Independence

The District is governed by a Board of Education comprised of seven board members. Each board member is elected by voters who live within District boundaries. 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, 2020 are as follows:

Name	Position	Term Expires December 31
Kristin Bull	President	2020
Kevin Beers	Vice President	2022
Michael Zabat	Treasurer	2020
Michelle Bueltel	Secretary	2024
Barb Anness	Trustee	2024
Andrea Walker-Leidy	Trustee	2024
Scott Muska	Trustee	2020

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 2019 enrollment totaled 15,379 Full-Time Equivalent (FTE) students.
Student enrollment by building is as follows:

<u>Grade/Category</u>	<u>FTE</u>
Elementary Schools:	
Baldwin	586
Brewster	418
Brooklands	515
Delta Kelly	627
Hamlin	440
Hampton	543
Hugger	558
Long Meadow	587
McGregor	452
Meadow Brook	441
Musson	522
North Hill	506
University Hills	461
Total	<u>6,656</u>
Middle Schools:	
Hart	1,164
Reuther	727
Van Hoosen	916
West	873
Total	<u>3,680</u>
High Schools:	
Adams	1,621
Rochester	1,725
Stoney Creek	1,637
Total	<u>4,983</u>
Other: Shultz Educational Center	<u>60</u>
Grand Total	<u><u>15,379</u></u>

Fall 2019 student enrollment by grade and category is as follows:

<u>Grade/Category</u>	<u>FTE</u>
Elementary Schools:	
Kindergarten	1,023
1st Grade	1,045
2nd Grade	1,123
3rd Grade	1,060
4th Grade	1,106
5th Grade	1,097
Total	<u>6,454</u>
Middle Schools:	
6th Grade	1,159
7th Grade	1,156
8th Grade	1,202
Total	<u>3,517</u>
High Schools:	
9th Grade	1,218
10th Grade	1,219
11th Grade	1,232
12th Grade	1,302
Total	<u>4,971</u>
Special Education	<u>437</u>
Grand Total	<u><u>15,379</u></u>

The District enrollment has remained steady with growth of approximately 266 student FTE since the fall of 2013. The District's most recent enrollment study projects stable enrollment through the fall of 2025.

The mostly residential community is ranked in the Niche top 25 Best Places to live in Michigan. Similar to other Michigan districts, property values continue to recover from the 2008 housing bubble.

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 following far-reaching objectives were developed in 2014 by district staff and community members as part of the District's strategic planning process:

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.

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.

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 in series one \$128 million in bonded debt 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.

Voters residing within district boundaries approved a ten-year, 1.5 mil sinking fund levy on all classes of property. 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		
	2020-21	2019-20	2018-19	2017-18	2016-17
Unassigned Fund Balance	34,585,888	36,264,567	36,334,422	31,250,094	28,902,412
Expenditures & Transfers	173,296,832	179,745,702	172,865,015	170,976,718	162,921,534
% Unassigned	19.96%	20.18%	21.02%	18.28%	17.74%

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. Purchasing cards are used for high volume, low dollar amount purchases.

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 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 2019-2020 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

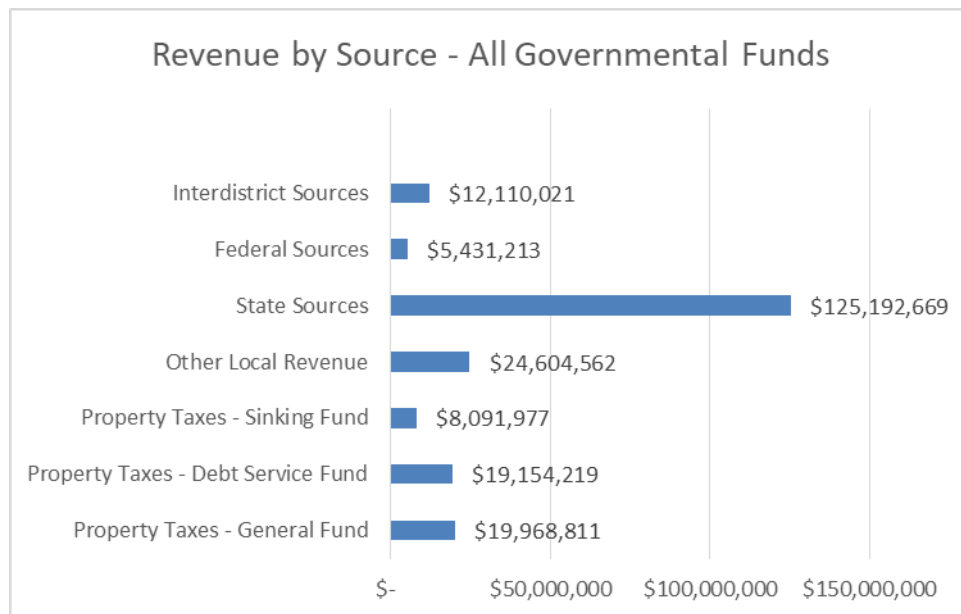
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$33 million in 2019-20, or approximately 21.7% of the total revenue received from the State.

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 \$18.1 and \$19.7 million in 2018-19 and 2019-20 respectively.

Federal Revenue – The federal government provides 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 Title grants.

The following graph illustrates the District's 2020-21 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.
- **Capital Outlay** – Activities concerned with facilities acquisition, construction and Improvements.
- **Debt Service** – Activities concerned with long-term only debt payments.

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 2019-20	Final Budget 2018-19	Actual 2017-18
Basic Instruction	\$ 6,674	\$ 6,897	\$ 6,768
Pupil	989	1,001	996
Instructional Staff	548	550	520
General Administration	108	118	82
School Administration	507	587	591
Business Services	160	155	126
Operations & Maintenance	936	940	915
Transportation	507	409	499
Central Services	403	418	386
Other Support	189	193	186
Community Education	231	207	218
Debt Service & Capital Outlay	-	212	166
	<u>\$ 11,252</u>	<u>\$ 11,687</u>	<u>\$ 11,453</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:

Employee Group	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	6/30/2021
Administrators	RCS Administrators Association	6/30/2020
Secretaries	Rochester Support Personnel, MEA/NEA	6/30/2020
Maintenance/Grounds/Technicians	AFSCME Local 202, Council 25	6/30/2020
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2021
Executive Staff/Directors	Local contracts	6/30/2021

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 \$12.3 million for the year ended June 30, 2020.

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 ration 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, 2020 totaled \$34.7 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 72% of all the expenditures within the governmental funds of the school district compared to 70% in the prior year. This variance is a result of the 2016 bond issue and related capital projects spending. As of June 30, 2020, expenditures totaled an estimated \$249.6 million for all district programs. The ending fund balance for all funds totaled \$76.2 million of which \$3.7 million was reserved for debt retirement.

	Expenditures (in millions)			
	June 30, 2020 (Estimated)	% of Total	June 30, 2019 (Actual)	% of Total
General Fund	\$ 179,745,702	72%	\$ 172,865,015	70%
Debt Retirement Fund	28,661,392	11%	28,117,598	11%
Capital Projects Fund	34,000,691	14%	39,052,498	16%
School Service Funds	7,196,031	3%	8,212,125	2%
Total	<u>\$ 249,603,816</u>	<u>100%</u>	<u>\$ 248,247,236</u>	<u>99%</u>

	Fund Balances (in millions)			
	June 30, 2020 (Estimated)	% of Total	June 30, 2019 (Actual)	% of Total
General Fund	\$ 36,264,567	48%	\$ 36,334,422	33%
Debt Retirement Fund	3,704,925	5%	3,736,324	3%
Capital Projects Fund	33,391,690	44%	66,691,381	61%
School Service Funds	2,843,015	4%	3,096,257	3%
Total	<u>\$ 76,204,197</u>	<u>101%</u>	<u>\$ 109,858,384</u>	<u>100%</u>

Capital Projects

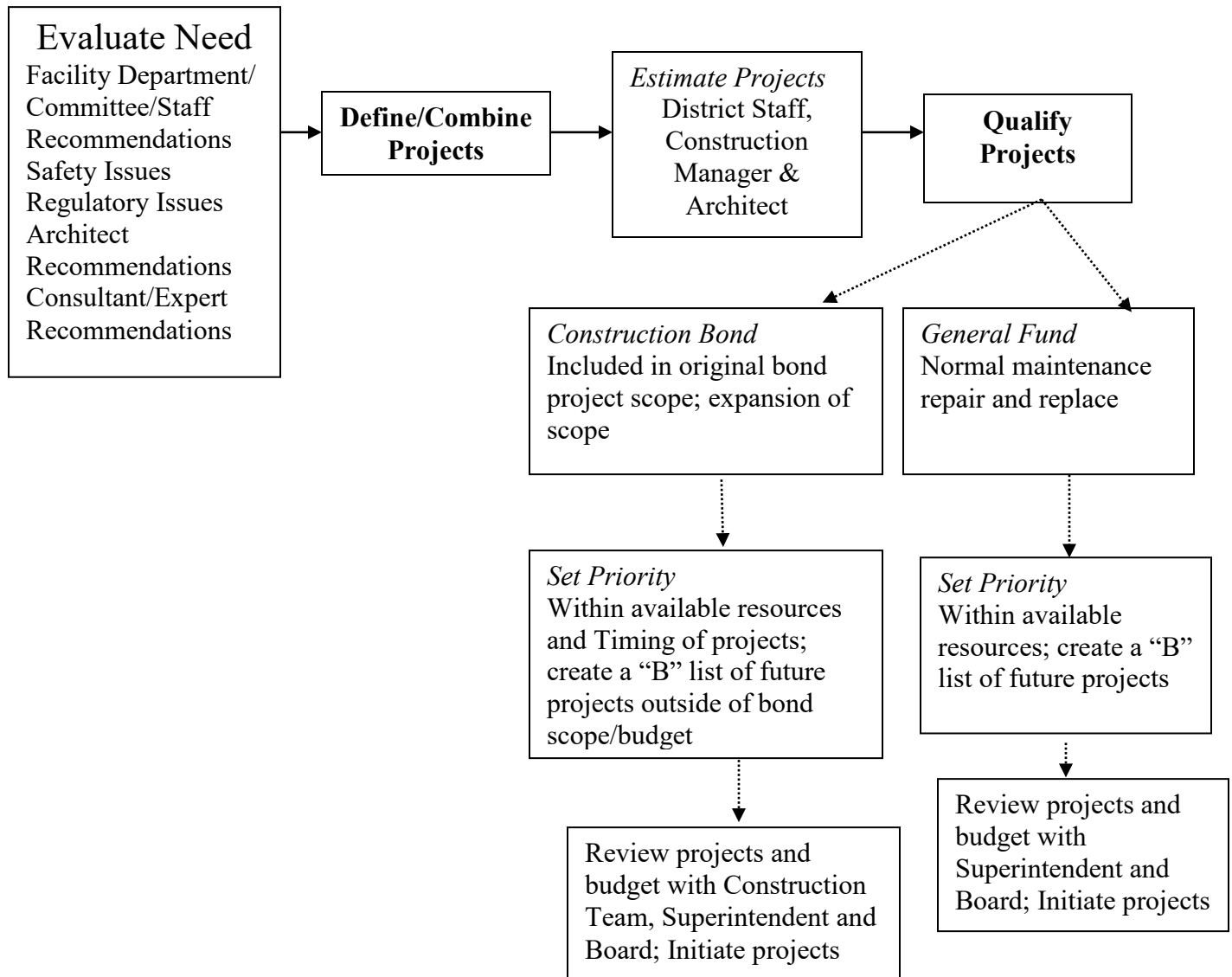
The District's Capital Projects Fund is used to account for the proceeds of the 2016 Building and Site bond issues Series I and II, and the 2019 Sinking Fund levy. The 2016 bond issue projects include repair and replacement of buildings and equipment, site improvement, building additions and buses.

The following table illustrates the planned Capital Projects Fund expenditures by category for 2020-21:

Project	Budget 2020-21
Site Improvements	\$ 1,667,256
Buildings and Additions	15,819,453
Furniture, Fixtures and Equipment	6,228,718
Buses	399,896
Other	2,502,059
	<u>\$26,617,382</u>

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

Budget Development Flowchart



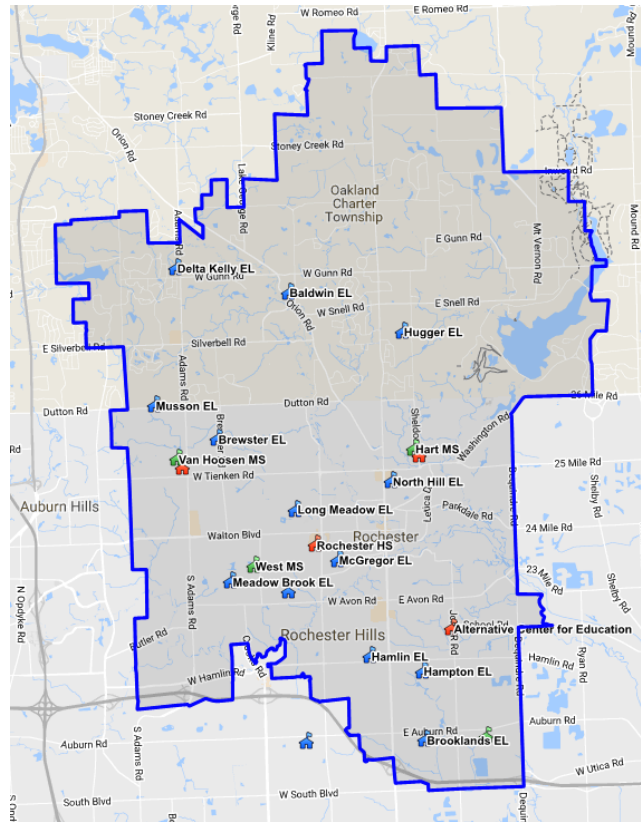
Other Sustaining Local Revenue Sources

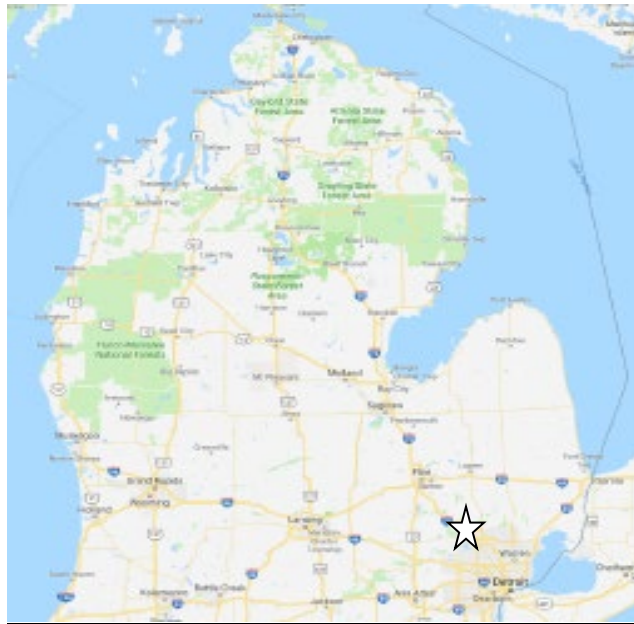
The District currently leases cell tower space at Adams High School. There is one cell tower located on the roof of the building and one cell tower located in the football stadium.

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		
Fiscal Year	Year	Amount	Year	Amount	Totals
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	29,869	2	22,140	52,011
FY2015	1-2	30,616	3	22,694	53,312
FY2016	1-3	31,381	4	23,261	54,646
FY2017	1-4	32,166	5	23,842	56,013
FY2018	1-5	32,970	1-1	24,438	57,408
FY2019	2-1	33,794	1-2	25,049	58,844
FY2020	2-2	34,639	1-3	25,676	60,315
FY2021	2-3	35,505	1-4	26,318	61,823
FY2022	2-4	36,393	1-5	26,975	63,368
FY2023	2-5	37,303	2-1	27,650	64,952
FY2024	3-1	38,235	2-2	28,341	66,576
FY2025	3-2	39,191	2-3	29,050	68,241
FY2026	3-3	40,171	2-4	29,776	69,947
FY2027	3-4	41,175	2-5	30,520	71,695
FY2028	3-5	42,204	3-1	31,283	73,488
FY2029	4-1	43,259	3-2	32,065	75,325
FY2030	4-2	44,341	3-3	32,867	77,208
FY2031	4-3	45,449	3-4	33,689	79,138
FY2032	4-4	46,586	3-5	34,531	81,117
FY2033	4-5	47,750	4-1	35,394	83,144
FY2034		-	4-2	36,279	36,279
FY2035		-	4-3	37,186	37,186
FY2036		-	4-4	38,116	38,116
FY2037		-	4-5	39,068	39,068
Totals		<u>\$951,765</u>		<u>787,808</u>	<u>\$1,739,588</u>

Rochester Community Schools District Map





Rochester Community Schools Financial Section



Summary Data for Total Budget

The Board of Education adopts (and amends) budgets for each of its fund groups: the General Fund (the operating fund of the District); the Special Revenue Funds (used to account for the proceeds of specific revenue sources other than fiduciary or capital projects); the Debt retirement Fund (used to account for the accumulation of resources for and payment of, principal, interest and related costs on general obligation bonds) and the Capital Projects Funds (used to account for the resources for the acquisition or construction of capital facilities or equipment held by the school district). Each fund operates independently from the others and revenue and expenditures are accounted for in each fund accordingly.

State Aid is the primary revenue source of the General Fund and accounts for approximately 80% of total revenue in that fund. Salaries and employee benefits comprise approximately 80% of the expenses in the General Fund. Instructional staffing levels are adjusted each year either up or down to align with student enrollment levels.

The primary source of revenue in the Special Service Funds is specific to each fund. Revenue in the Food Service Fund is dependent on student participation levels. The district receives federal revenue based on the number of free and reduced price meals served. Additional revenue is generated by ala carte food sales. Expenditures in the Food Service Fund are directly related to the program; management fees, food costs, and labor are the primary expenditures in the Food Service Fund.

Retail sales provides revenue in the Book Store Fund and expenditures are primarily goods purchased for resale.

Revenue in the Early Learning Fund is comprised of participant tuition and is dependent on enrollment levels. Expenditures in the Early Learning Fund are primarily staffing costs but also include teaching and custodial supplies, utilities, and other operational costs.

Revenues and expenditures in the Student Activity Fund are specific to each student activity sales and group objective.

The District is authorized by the State of Michigan to issue and levy debt (with voter approval) for the acquisition, construction, and repair of facilities. Revenue in the Debt Service Fund is based on the millage amount needed each year to fund principal and interest payments on bonded debt.

Debt issue proceeds comprise the revenue in the Capital Project Building and Site Fund. Expenditures are restricted to the specific items contained in the ballot language approved by voters, and all proceeds must be expended within three years of debt issuance. Sinking Fund revenue is generated by the millage approved by voters, and is primarily restricted to facility acquisition and repair/replacement. The District is prohibited from spending Sinking Fund revenue for employee salaries and benefits or other operating purposes.

2020-21 Summary Budget – All Governmental Fund Types

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2020-21

	General Fund	Debt Service Fund	Capital Projects Funds	Special Revenue Funds	Total
Revenues:					
Local	\$ 30,148,439	\$ 19,173,373	\$ 8,516,437	\$ 5,889,343	\$ 63,727,592
Interdistrict Sources	12,110,021	-	-	-	12,110,021
State	125,070,667	-	-	122,002	125,192,669
Federal	4,426,938	-	-	1,004,275	5,431,213
Total Revenues	171,756,065	19,173,373	8,516,437	7,015,620	206,461,495
Expenditures:					
Instruction					
Basic Programs	80,459,186	-	-	-	80,459,186
Added Needs	22,078,121	-	-	-	22,078,121
Adult and Continuing Ed	254,871	-	-	-	254,871
Support Services					
Pupil	15,226,328	-	-	-	15,226,328
Instructional Staff	8,446,608	-	-	-	8,446,608
General Administration	1,660,478	-	-	-	1,660,478
School Administration	7,814,583	-	-	-	7,814,583
Business Services	2,463,849	-	-	-	2,463,849
Operations & Maintenance	14,415,398	-	-	-	14,415,398
Transportation	7,806,553	-	-	-	7,806,553
Central Services	6,200,259	-	-	-	6,200,259
Community Education	2,917,365	-	-	-	2,917,365
Other Supporting Services	3,553,233	-	-	7,158,441	10,711,674
Capital Projects					
Capital Outlay & Other Costs	-	-	26,617,382	157,469	26,774,851
Debt Service					
Principal	-	13,365,000	-	-	13,365,000
Capital Leases	-	-	-	-	-
Interest and Fiscal Charges	-	5,789,219	-	-	5,789,219
Other Costs	-	60,000	-	-	60,000
Total Expenditures	173,296,832	19,214,219	26,617,382	7,315,910	226,444,343
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,540,767)	(40,846)	(18,100,945)	(300,290)	(19,982,848)
Other Financing Sources					
Transfers, notes, sale of assets	(137,912)	-	-	137,912	-
Total Other Financing Sources	(137,912)	-	-	137,912	-
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1,678,679)	(40,846)	(18,100,945)	(162,378)	(19,982,848)
Fund Equity:					
July 1,	36,264,567	3,704,925	33,391,690	2,843,015	76,204,197
June 30,	\$ 34,585,888	\$ 3,664,079	\$ 15,290,745	\$ 2,680,637	\$ 56,221,349

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

SUMMARY BUDGET - ALL GOVERNMENTAL FUND TYPES REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

		Totals (Memorandum Only)			
	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17	
Revenues:					
Local	\$ 62,232,880	\$ 64,959,536	\$ 61,731,040	\$ 61,072,910	
County	12,110,021	11,352,305	11,677,700	11,179,573	
State	135,103,657	134,872,396	131,221,885	127,387,854	
Federal	6,503,073	5,222,437	5,133,487	5,577,471	
Total Revenues	215,949,631	216,406,674	209,764,112	205,217,808	
Expenditures:					
Instruction:					
Basic Programs	83,087,303	80,891,725	80,062,156	81,079,780	
Added Needs	22,775,225	21,034,166	19,872,549	19,283,739	
Adult and Continuing Ed	207,763	234,132	140,106	122,980	
Support Services:					
Pupil	15,390,758	15,038,292	14,693,611	14,491,527	
Instructional Staff	8,458,377	7,844,875	7,249,562	6,623,223	
General Administration	1,821,580	1,238,183	1,113,365	978,210	
School Admin	9,033,632	8,916,404	8,510,330	8,167,452	
Business Services	2,383,866	1,899,724	1,906,300	1,668,441	
Operations & Maintenance	14,462,936	13,804,892	13,841,590	11,591,193	
Transportation	6,282,966	7,533,576	7,297,545	6,749,192	
Central Services	6,428,273	5,823,147	7,494,098	6,496,179	
Other Supporting Services	2,972,936	2,811,551	2,608,312	2,334,358	
Community Education	3,177,622	3,293,555	2,895,409	3,253,758	
Building Improvement	3,262,310	1,449,867	2,907,937	4,000	
Food Service	3,807,173	3,498,453	3,116,701	2,744,727	
Book Store	105,400	99,229	77,048	57,378	
Early Learning Center	1,081,873	738,144	-	-	
Student/School Activity	2,201,585	3,876,299	3,718,575	4,342,340	
Capital Projects					
Capital Outlay	34,000,846	40,103,425	44,595,518	33,562,362	
Debt Service					
Principal	21,820,000	21,970,000	21,160,000	18,065,000	
Capital Leases	-	-	36,341	77,500	
Interest and Fiscal Charges	6,781,392	6,132,733	7,101,952	8,959,320	
Other	60,000	14,865	72,739	44,058	
Total Expenditures	249,603,816	248,247,237	250,471,744	230,696,717	
Excess (deficiency) of Revenues Over (Under) Expenditures	(33,654,185)	(31,840,563)	(40,707,632)	(25,478,909)	
Other Financing Sources and (Uses)					
Payment to Escrow Agent	-	-	-	-	
Issuance of Long-term Debt	-	57,426,098	-	-	
Bond Issuance Costs	-	(592,481)	-	-	
Bond Premium	-	-	-	-	
Interfund Transfers In	416,553	310,132	2,912	2,912	
Interfund Transfers Out	(416,553)	(310,132)	(2,912)	(2,912)	
Sale of Capital Assets & Other	-	37,327	6,349	7,306	
Total Other Financing Uses	-	56,870,944	6,349	7,306	
Net Change in Fund Balance	(33,654,185)	25,030,381	(40,701,283)	(25,471,603)	
Fund Balances:					
July 1,	109,854,016	84,823,635	125,524,918	150,996,521	
June 30,	\$ 76,199,831	\$ 109,854,016	\$ 84,823,635	\$ 125,524,918	

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

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues:				
Local	\$ 58,268,624	\$ 57,143,606	\$ 56,351,619	\$ 63,727,592
County	12,110,021	12,110,021	12,110,021	12,110,021
State	128,481,324	127,436,227	125,828,026	125,192,669
Federal	<u>5,431,213</u>	<u>5,431,213</u>	<u>5,431,213</u>	<u>5,431,213</u>
Total Revenues	<u>204,291,182</u>	<u>202,121,067</u>	<u>199,720,879</u>	<u>206,461,495</u>
Expenditures:				
Instruction:				
Basic Programs	83,435,606	82,565,548	81,239,558	80,212,545
Added Needs	21,485,812	21,261,760	20,920,299	22,010,442
Adult and Continuing Ed	239,711	237,211	233,401	254,090
Support Services:				
Pupil	15,551,887	15,436,218	15,327,609	15,226,328
Instructional Staff	8,651,589	8,598,332	8,548,325	8,357,150
General Administration	1,679,301	1,671,925	1,664,999	1,658,496
School Admin	7,943,957	7,886,087	7,831,749	7,780,728
Business Services	2,441,882	2,432,288	2,423,280	2,414,821
Operations & Maintenance	14,166,115	14,150,991	14,136,790	14,119,962
Transportation	8,040,190	7,973,785	7,908,145	7,777,969
Central Services	6,226,383	6,191,424	6,158,599	6,127,777
Other Supporting Services	2,374,706	2,367,893	2,361,496	2,355,490
Community Education	3,588,875	3,570,770	3,553,770	3,537,808
Building Improvement	-	-	-	-
Food Service	3,672,537	3,603,958	3,536,723	3,895,807
Book Store	103,998	101,959	99,960	113,100
Early Learning Center	2,099,990	1,772,001	1,555,957	1,138,472
Student/School Activity	2,346,607	2,278,259	2,211,902	2,168,531
Capital Projects				
Capital Outlay	8,530,595	8,363,328	23,162,281	26,617,382
Post Service				
Principal	6,075,000	5,800,000	5,575,000	13,365,000
Capital Leases	-	-	-	-
Interest and Fiscal Charges	4,681,019	4,926,519	5,162,269	5,789,219
Other	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total Expenditures	<u>203,395,760</u>	<u>201,250,256</u>	<u>213,672,112</u>	<u>224,981,117</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	895,422	870,811	(13,951,233)	(18,519,622)
Other Financing Sources and (Uses)				
Payment to Escrow Agent	-	-	-	-
Issuance of Long-term Debt	-	-	-	-
Bond Issuance Costs	-	-	-	-
Bond Premium	-	-	-	-
Interfund Transfers In	3,182	3,089	2,999	137,912
Interfund Transfers Out	(3,182)	(3,089)	(2,999)	(137,912)
Sale of Capital Assets & Other	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	895,422	870,811	(13,951,233)	(18,519,622)
Fund Balances:				
July 1,	<u>44,599,787</u>	<u>43,728,976</u>	<u>57,680,209</u>	<u>76,199,831</u>
June 30,	<u>\$ 45,495,209</u>	<u>\$ 44,599,787</u>	<u>\$ 43,728,976</u>	<u>\$ 57,680,209</u>

Current Year Budget and Three Prior Years Actual – General Fund

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Revenues:				
Local	\$ 28,111,627	\$ 27,928,109	\$ 26,438,162	\$ 26,500,048
State	134,981,655	134,751,748	131,113,691	127,135,419
Federal	4,889,097	4,187,075	4,091,410	4,544,898
Interdistrict Sources	<u>12,110,021</u>	<u>11,352,305</u>	<u>11,677,700</u>	<u>11,179,573</u>
Total Revenues	<u>180,092,400</u>	<u>178,219,237</u>	<u>173,320,963</u>	<u>169,359,938</u>
Expenditures:				
Instruction:				
Basic Programs	83,087,456	80,891,725	80,062,156	81,030,080
Added Needs	22,775,225	21,034,166	19,872,549	19,283,739
Adult and Continuing Ed	207,763	234,132	140,107	122,981
Support Services:				
Pupil	15,390,758	15,038,292	14,693,611	14,491,527
Instructional Staff	8,458,377	7,844,875	7,249,562	6,623,223
General Administration	1,821,580	1,238,183	1,113,365	978,210
School Administration	9,033,632	8,916,404	8,510,330	8,167,452
Business Services	2,383,866	1,899,724	1,906,300	1,668,441
Operations & Maintenance	14,462,936	13,804,892	13,841,590	11,591,193
Transportation	6,282,966	7,533,576	7,297,545	6,749,192
Central Services	6,428,273	5,823,147	7,494,098	6,496,179
Other Support	2,972,936	2,811,551	2,608,312	2,334,358
Community Education	3,177,622	3,293,555	2,895,409	3,253,758
Building Improvement Services	-	1,445,867	2,907,937	4,000
Debt Service	<u>-</u>	<u>36,341</u>	<u>40,341</u>	<u>77,501</u>
Total Instruction and Support	<u>176,483,390</u>	<u>171,846,430</u>	<u>170,633,212</u>	<u>162,871,834</u>
Capital Outlay	<u>3,262,312</u>	<u>1,018,585</u>	<u>343,506</u>	<u>49,700</u>
Total Expenditures	<u>179,745,702</u>	<u>172,865,015</u>	<u>170,976,718</u>	<u>162,921,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	346,698	5,354,222	2,344,245	6,438,404
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(416,553)	(307,221)	(2,912)	(4,344)
Proceeds from Sale of Cap Assets	<u>-</u>	<u>37,327</u>	<u>6,349</u>	<u>7,306</u>
Total Other Financing Uses	<u>(416,553)</u>	<u>(269,894)</u>	<u>3,437</u>	<u>2,962</u>
Net Change in Fund Balance	(69,855)	5,084,328	2,347,682	6,441,366
July 1, Fund Balance	<u>36,334,422</u>	<u>31,250,094</u>	<u>28,902,412</u>	<u>22,461,046</u>
Unassigned June 30,	<u>\$ 36,264,567</u>	<u>\$ 36,334,422</u>	<u>\$ 31,250,094</u>	<u>\$ 28,902,412</u>

Next Year Budget with Three Year Forecast – General Fund

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues:				
Local	\$ 31,432,915	\$ 30,996,137	\$ 30,568,036	\$ 30,148,439
State	128,359,322	127,314,225	125,706,024	125,070,667
Federal	4,426,938	4,426,938	4,426,938	4,426,938
Interdistrict Sources	<u>12,110,021</u>	<u>12,110,021</u>	<u>12,110,021</u>	<u>12,110,021</u>
Total Revenues	<u>176,329,196</u>	<u>174,847,321</u>	<u>172,811,019</u>	<u>171,756,065</u>
Expenditures:				
Instruction:				
Basic Programs	83,435,606	82,565,548	81,239,558	80,212,545
Added Needs	21,485,812	21,261,760	20,920,299	22,010,442
Adult and Continuing Ed	239,711	237,211	233,401	254,090
Support Services:				
Pupil	15,551,887	15,436,218	15,327,609	15,226,328
Instructional Staff	8,651,589	8,598,332	8,548,325	8,357,150
General Administration	1,679,301	1,671,925	1,664,999	1,658,496
School Administration	7,943,957	7,886,087	7,831,749	7,780,728
Business Services	2,441,882	2,432,288	2,423,280	2,414,821
Operations & Maintenance	14,166,115	14,150,991	14,136,790	14,119,962
Transportation	8,040,190	7,973,785	7,908,145	7,777,969
Central Services	6,226,383	6,191,424	6,158,599	6,127,777
Other Support	2,374,706	2,367,893	2,361,496	2,355,490
Community Education	3,588,875	3,570,770	3,553,770	3,537,808
Building Improvement Services	-	-	-	-
Debt Service	-	-	-	-
Total Instruction and Support	<u>175,826,014</u>	<u>174,344,232</u>	<u>172,308,020</u>	<u>171,833,606</u>
Capital Outlay	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>1,463,226</u>
Total Expenditures	<u>176,326,014</u>	<u>174,844,232</u>	<u>172,808,020</u>	<u>173,296,832</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,182	3,089	2,999	(1,540,767)
Other Financing Sources (Uses)				
Transfers Out	(3,182)	(3,089)	(2,999)	(137,912)
Proceeds from Sale of Cap Assets	-	-	-	-
Total Other Financing Uses	<u>(3,182)</u>	<u>(3,089)</u>	<u>(2,999)</u>	<u>(137,912)</u>
Net Change in Fund Balance	-	-	-	(1,678,679)
July 1, Fund Balance	<u>34,585,888</u>	<u>34,585,888</u>	<u>34,585,888</u>	<u>36,264,567</u>
Unassigned June 30,	\$ <u>34,585,888</u>	\$ <u>34,585,888</u>	\$ <u>34,585,888</u>	\$ <u>34,585,888</u>

Significant Changes in Fund Balance

The fund balance in General Fund is expected to decrease by approximately \$1.68 million at June 30, 2021, compared to a decrease of \$69,855 at June 30, 2020. This is due primarily to additional costs related to the COVID-19 global 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. 2020-21 general fund assumptions are as follows:

Revenue:

Local Revenue:

Net decrease in fee-for-service programs	\$(2,027,691)
Decrease in estimated investment interest	(42,000)

State Revenue:

Net decrease in state aid	(3,001,578)
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Federal Revenue:

CARES Act funding	252,916
Total net decrease in revenue	<u><u>\$(4,818,353)</u></u>

Expenditures:

Instruction and Support Services:

Net decrease in personnel-related costs	(1,342,713)
Additional expenses related to COVID-19	222,524
Net decrease in utilities/fuel	(865,250)
Decrease in contracted services costs	(1,611,000)
Decrease in fee-for-service programs	(341,000)

Other Financing Uses:

Interfund Transfers:

School Service Funds	213,641
Total net decrease in expenditures and Other financing uses	<u><u>\$(3,723,798)</u></u>

Three-year general fund assumptions are as follows:

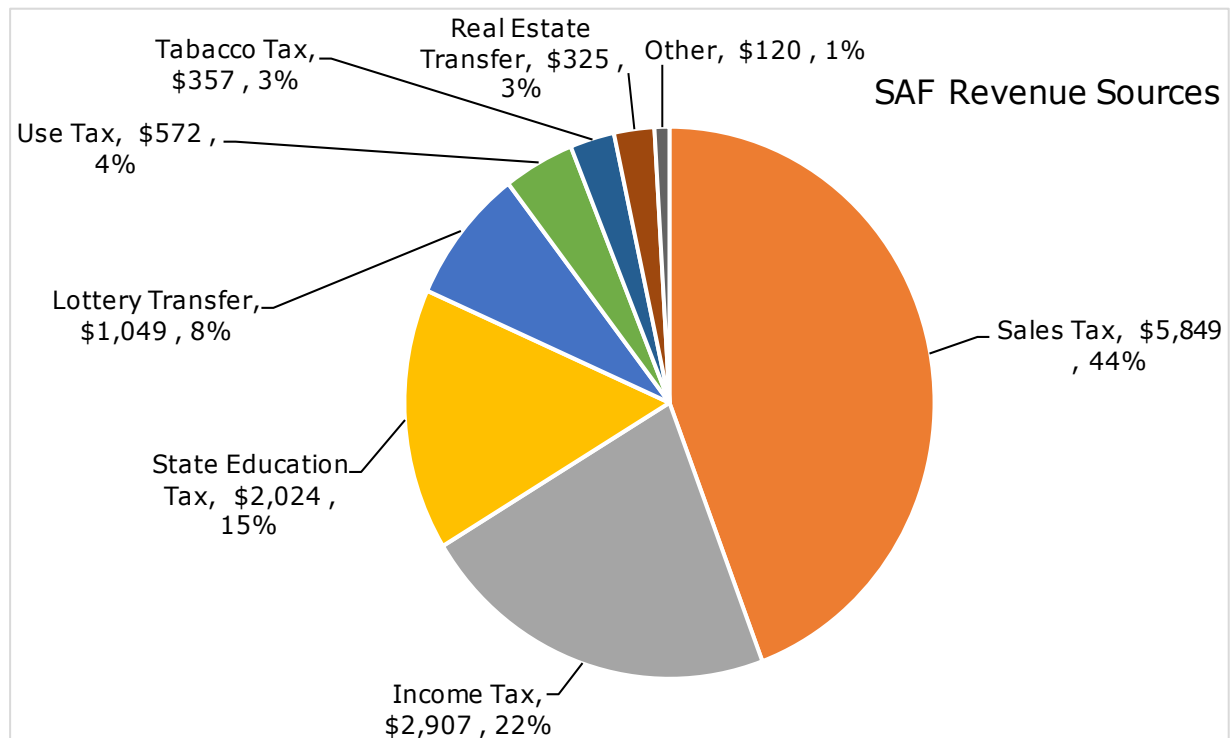
	Assumption	2021-22	Assumption	2022-23	Assumption	2023-24
Revenue:						
Foundation allowance	\$ -	\$ 8,029	\$ 100	\$ 8,129	\$ 100	\$ 8,229
Enrollment	65	15,475	58	15,533	(10)	15,523
Expenditures:						
Transportation contracts	1.00%	\$ 123,809	1.00%	\$ 63,142	1.00%	\$ 63,774
Middle School Strings		208,195		373,122		269,785
Health Insurances	3.50%	497,522	3.50%	514,935	3.50%	532,958
Retirement contributions	2.00%	710,203	2.00%	724,407	2.00%	738,895

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.

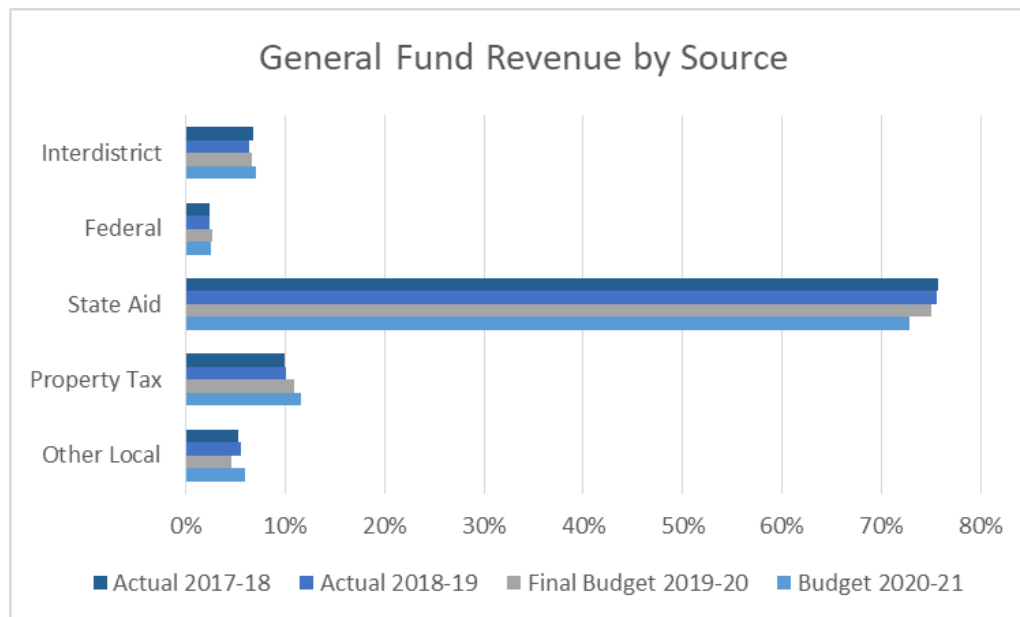
The following graph illustrates the School Aid Fund (SAF) revenue sources for Fiscal Year 2019 (the most recent data available):



Source: House Fiscal Agency

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

The District is primarily funded with State Aid. There were no major shifts in revenue sources from the previous year.

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 2020-21 property tax revenue is based on preliminary values published in the Oakland and Macomb County *FORM L-4028 COUNTY AND VILLAGES 2018 MILLAGE REDUCTION FRACTION COMPUTATIONS*. Forecasted state aid revenue is based on a decrease of \$500 per pupil 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. The full economic impact on revenue as a result of the global pandemic is unknown at this time

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

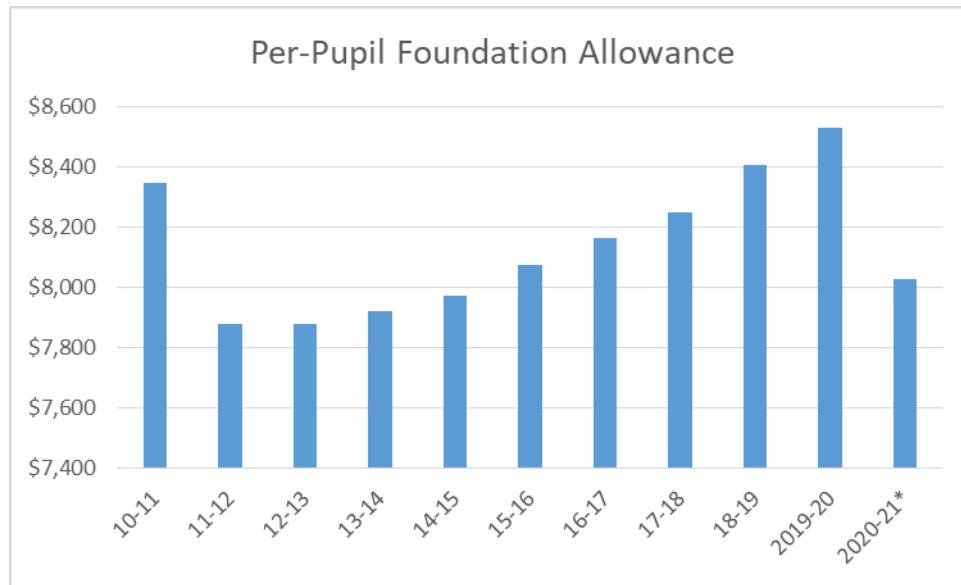
REVENUES BY SOURCE - GENERAL FUND

	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Local sources				
Property tax levy	\$ 19,714,200	\$ 18,100,855	\$ 17,349,319	\$ 17,155,244
Earnings on investments	78,230	125,768	929	946
Tuition from patrons	369,370	415,600	382,897	294,398
Rentals	612,646	716,615	705,007	578,148
Contributions and grants	86,713	15,823	54,079	83,041
Medicaid	1,227,702	1,227,702	994,691	1,049,097
Athletics gate receipts	230,000	229,713	663,283	703,350
Other local revenue	<u>5,792,766</u>	<u>7,096,033</u>	<u>6,287,957</u>	<u>6,635,824</u>
Total revenues from local sources	28,111,627	27,928,109	26,438,162	26,500,048
State sources				
Grants - unrestricted				
State school aid	105,735,322	108,203,771	106,099,008	103,318,106
Grants - restricted				
Special education	11,109,365	10,442,825	8,533,083	10,029,114
At risk	1,681,934	982,369	1,018,273	901,970
Vocational education	160,586	177,551	177,132	133,296
Early childhood education	340,530	371,542	328,924	456,735
MPSERS Cost Offset	2,878,954	2,080,709	3,651,974	1,143,973
MPSERS UAAL	10,547,221	10,877,603	10,112,039	10,137,593
Other	<u>2,527,743</u>	<u>1,615,378</u>	<u>1,193,258</u>	<u>1,014,632</u>
Total revenues from state sources	134,981,655	134,751,748	131,113,691	127,135,419
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,631,619	3,259,066	3,154,420	3,331,511
Title I	367,759	298,058	403,826	659,669
Medicaid Outreach	-	451	21,089	35,692
Title II A	336,669	269,542	161,587	204,228
Title III	356,088	179,588	200,030	136,854
Title IV	24,824	33,665	-	-
Adult education	<u>172,138</u>	<u>146,705</u>	<u>150,458</u>	<u>176,944</u>
Total revenues from federal sources	4,889,097	4,187,075	4,091,410	4,544,898
Interdistrict sources				
County sources	<u>12,110,021</u>	<u>11,352,304</u>	<u>11,677,699</u>	<u>11,179,573</u>
Total county sources	<u>12,110,021</u>	<u>11,352,304</u>	<u>11,677,699</u>	<u>11,179,573</u>
Other financing sources				
Sale of assets	-	-	6,349	7,306
Other Reimbursements	<u>-</u>	<u>37,327</u>	<u>-</u>	<u>-</u>
Total other sources	<u>-</u>	<u>37,327</u>	<u>6,349</u>	<u>7,306</u>
Total revenues and Other financing sources	\$ <u>180,092,400</u>	\$ <u>178,256,563</u>	\$ <u>173,327,311</u>	\$ <u>169,367,244</u>

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

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Local sources				
Property tax levy	\$ 21,218,718	\$ 20,793,805	\$ 20,377,224	\$ 19,968,811
Earnings on investments	126,500	126,500	126,500	126,500
Tuition from patrons	407,379	395,514	383,994	372,810
Rentals	826,568	826,568	826,568	826,568
Contributions and grants	52,051	52,051	52,051	52,051
Medicaid	1,227,702	1,227,702	1,227,702	1,227,702
Athletics gate receipts	230,000	230,000	230,000	230,000
Other local revenue	7,343,997	7,343,997	7,343,997	7,343,997
Total revenues from local sources	31,432,915	30,996,137	30,568,036	30,148,439
State sources				
Grants - unrestricted				
State school aid	100,916,772	99,871,675	98,263,474	97,628,117
Grants - restricted				
Special education	8,404,155	8,404,155	8,404,155	8,404,155
At risk	2,021,542	2,021,542	2,021,542	2,021,542
Vocational education	160,586	160,586	160,586	160,586
Early childhood education	378,979	378,979	378,979	378,979
MPSERS Cost Offset	3,101,447	3,101,447	3,101,447	3,101,447
MPSERS UAAL	11,667,346	11,667,346	11,667,346	11,667,346
Other	1,708,495	1,708,495	1,708,495	1,708,495
Total revenues from state sources	128,359,322	127,314,225	125,706,024	125,070,667
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,174,129	3,174,129	3,174,129	3,174,129
Title I	437,065	437,065	437,065	437,065
Medicaid Outreach	-	-	-	-
Title II A	260,008	260,008	260,008	260,008
Title III	361,420	361,420	361,420	361,420
Title IV	19,076	19,076	19,076	19,076
Adult education	175,240	175,240	175,240	175,240
Total revenues from federal sources	4,426,938	4,426,938	4,426,938	4,426,938
Interdistrict sources				
County sources	12,110,021	12,110,021	12,110,021	12,110,021
Total county sources	12,110,021	12,110,021	12,110,021	12,110,021
Other financing sources				
Sale of assets	-	-	-	-
Other Reimbursements	-	-	-	-
Total other sources	-	-	-	-
Total revenues and Other financing sources	\$ 176,329,196	\$ 174,847,321	\$ 172,811,019	\$ 171,756,065

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



Significant Expenditure Categories

Employee salaries and benefits comprise approximately 81% 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:

<u>Class</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Teachers	Rochester Education Association, MEA/NEA	6/30/21
Maintenance, Grounds, Technicians	AFSCME, Local 202, Council 25	6/30/20
Administrators	Rochester Administrators Association	6/30/20
Managers, Supervisors & Coordinators	No Affiliation	NA
Executive Assistants	No affiliation	N/A
Clerical	Rochester Support Personnel Assoc., MEA/NEA	6/30/20
Instructional Aides	Rochester Para educator Association, MEA/NEA	6/30/21
Pre-K Programs	No Affiliation	N/A
Other	No Affiliation	N/A

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, 2020 valuation will be amortized over a 20 year period for fiscal year 2020.

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
October 1,	2015	September 30,	2016	14.56%	18.95%
October 1,	2016	September 30,	2017	15.27%	19.03%
October 1,	2017	January 31,	2018	13.54%	17.89%
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%

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 \$12.1 million in 2019-20. Premiums are expected to increase by 3% beginning January 1, 2021.

Major Expenditure Shifts

There were no ongoing major shifts in expenditures from the previous year.

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Instruction				
Salaries:				
Elementary	\$ 23,645,052	\$ 22,590,807	\$ 22,599,239	\$ 22,288,279
Middle School	10,675,801	10,228,022	9,742,102	9,800,114
High School	14,483,164	14,039,563	14,156,548	13,910,204
Other Basic Programs	895,864	954,253	834,307	896,208
Special Education	10,029,253	9,863,427	9,381,456	9,158,797
Other Added Needs	1,521,739	1,393,036	1,355,781	1,486,943
Adult Education	114,848	100,830	92,908	77,333
Total Salaries	61,365,721	59,169,938	58,162,341	57,617,878
Employee Benefits:				
Group Insurance	7,561,894	8,964,961	9,232,632	9,587,430
Social Security & Retirement	29,006,592	27,474,864	26,482,102	26,199,586
Other Employee Benefits	491,115	255,305	464,994	476,363
Total Employee Benefits	37,059,601	36,695,130	36,179,728	36,263,379
Purchased Services	2,498,931	2,457,041	2,349,576	2,032,949
Supplies & Materials	2,349,065	1,757,083	1,277,948	2,370,819
Other Expenses	2,448,812	2,043,504	2,105,219	2,151,774
Total Instruction	105,722,130	102,122,696	100,074,812	100,436,799
Student Services				
Salaries:				
Professional	8,424,207	8,233,619	8,132,109	8,152,448
Non-professional	782,460	746,479	746,429	778,853
Total Salaries	9,206,667	8,980,098	8,878,538	8,931,301
Employee Benefits:				
Group Insurance	1,608,182	1,623,577	1,535,835	1,453,330
Social Security & Retirement	4,201,334	4,100,686	3,935,452	3,779,934
Other Employee Benefits	82,659	73,620	70,233	71,138
Total Employee Benefits	5,892,175	5,797,883	5,541,520	5,304,402
Purchased Services	260,678	220,936	230,651	209,588
Supplies & Materials	24,740	39,375	42,902	46,236
Other Expenses	5,000	-	-	-
Total Student Services	15,389,260	15,038,292	14,693,611	14,491,527
Staff Services				
Salaries:				
Professional	4,053,398	3,713,316	3,485,691	3,211,639
Non-professional	297,662	299,309	331,602	299,404
Total Salaries	4,351,060	4,012,625	3,817,293	3,511,043
Employee Benefits:				
Group Insurance	728,965	791,611	734,342	616,793
Social Security & Retirement	1,801,263	1,795,832	1,663,117	1,633,503
Other Employee Benefits	18,062	12,495	10,455	47,862
Total Employee Benefits	2,548,290	2,599,938	2,407,914	2,298,158
Purchased Services	932,073	686,728	522,957	533,757
Supplies & Materials	509,327	527,714	483,108	263,004
Other Expenses	28,169	17,870	18,290	17,261
Total Staff Services	8,368,919	7,844,875	7,249,562	6,623,223

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
General Administration				
Salaries:				
Professional	\$ 431,102	\$ 378,890	\$ 372,162	\$ 357,649
Non-professional	118,200	123,277	119,551	77,571
Total Salaries	549,302	502,167	491,713	435,220
Employee Benefits:				
Group Insurance	74,035	74,331	58,522	54,989
Social Security & Retirement	234,751	226,335	218,108	191,652
Other Employee Benefits	12,501	13,027	14,412	17,165
Total Employee Benefits	321,287	313,693	291,042	263,806
Purchased Services	895,172	369,793	302,129	252,511
Supplies & Materials	13,739	16,681	9,660	9,253
Other Expenses	40,098	35,849	18,821	17,420
Total General Administration	1,819,598	1,238,183	1,113,365	978,210
School Administration				
Salaries:				
Professional	4,133,932	4,068,497	3,899,645	3,715,392
Non-professional	1,296,638	1,330,547	1,276,811	1,248,484
Total Salaries	5,430,570	5,399,044	5,176,456	4,963,876
Employee Benefits:				
Group Insurance	915,801	970,202	904,172	809,327
Social Security & Retirement	2,501,862	2,424,670	2,262,849	2,158,541
Other Employee Benefits	14,531	14,510	17,351	148,787
Total Employee Benefits	3,432,194	3,409,382	3,184,372	3,116,655
Purchased Services	87,568	76,200	90,571	59,183
Supplies & Materials	34,445	29,447	56,358	25,243
Other Expenses	2,650	2,331	2,573	2,495
Total School Administration	8,987,427	8,916,404	8,510,330	8,167,452
Business Services				
Salaries:				
Professional	676,120	545,504	444,912	387,449
Non-professional	60,065	117,022	162,347	164,911
Total Salaries	736,185	662,526	607,259	552,360
Employee Benefits:				
Group Insurance	127,241	107,560	79,398	81,368
Social Security & Retirement	342,988	305,122	272,091	238,800
Other Employee Benefits	5,101	4,799	7,931	20,303
Total Employee Benefits	475,330	417,481	359,420	340,471
Purchased Services	858,406	650,650	706,416	640,792
Supplies & Materials	25,931	12,213	19,325	19,610
Other Expenses	238,986	156,854	213,880	115,208
Total Business Services	2,334,838	1,899,724	1,906,300	1,668,441

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Operations & Maintenance				
Salaries:				
Professional	\$ 388,537	\$ 320,547	\$ 310,025	\$ 260,170
Non-professional	1,041,805	1,016,265	1,078,928	1,095,681
Total Salaries	1,430,342	1,336,812	1,388,953	1,355,851
Employee Benefits:				
Group Insurance	259,065	291,401	305,413	277,986
Social Security & Retirement	472,187	610,057	601,921	580,689
Other Employee Benefits	4,687	4,080	3,572	48,816
Total Employee Benefits	735,939	905,538	910,906	907,491
Purchased Services	8,264,094	7,601,246	7,670,927	5,352,394
Supplies & Materials	3,737,269	3,957,530	3,868,223	3,971,173
Other Expenses	4,656	3,766	2,581	4,284
Total Operations & Maintenance	14,172,300	13,804,892	13,841,590	11,591,193
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	12,612	-	-	-
Total Salaries	12,612	-	-	-
Employee Benefits:				
Group Insurance	734	-	-	-
Social Security & Retirement	7,549	-	-	-
Other Employee Benefits	-	-	-	5,766
Total Employee Benefits	8,283	-	-	5,766
Purchased Services	5,845,707	7,000,496	6,805,469	6,375,685
Supplies & Materials	386,530	531,830	492,076	367,741
Other Expenses	1,250	1,250	-	-
Total Transportation	6,254,382	7,533,576	7,297,545	6,749,192
Central Services				
Salaries:				
Professional	1,214,518	1,230,922	1,071,794	935,207
Non-professional	1,058,204	1,153,208	3,222,681	1,615,233
Total Salaries	2,272,722	2,384,130	4,294,475	2,550,440
Employee Benefits:				
Group Insurance	299,477	318,261	316,301	299,386
Social Security & Retirement	1,009,276	1,169,310	1,028,672	780,952
Other Employee Benefits	27,752	29,475	13,092	172,220
Total Employee Benefits	1,336,505	1,517,046	1,358,065	1,252,558
Purchased Services	2,532,089	1,871,954	1,810,745	2,620,104
Supplies & Materials	35,444	20,974	21,409	26,587
Other Expenses	81,563	29,043	9,404	46,490
Total Central Services	6,258,323	5,823,147	7,494,098	6,496,179

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Other Support				
Salaries:				
Professional	\$ 374,089	\$ 341,812	\$ 315,252	\$ 254,887
Non-professional	1,251,980	1,235,314	1,150,634	1,103,857
Total Salaries	1,626,069	1,577,126	1,465,886	1,358,744
Employee Benefits:				
Group Insurance	111,551	103,969	85,430	76,994
Social Security & Retirement	431,380	696,920	627,598	592,994
Other Employee Benefits	306,470	866	1,500	12,988
Total Employee Benefits	849,401	801,755	714,528	682,976
Purchased Services	271,913	243,660	272,856	140,010
Supplies & Materials	129,224	129,453	110,563	103,075
Other Expenses	58,862	59,557	44,479	49,553
Total Other Support	2,935,469	2,811,551	2,608,312	2,334,358
Community Services				
Salaries:				
Professional	231,599	397,943	414,886	458,531
Non-professional	1,438,229	1,288,676	1,163,611	1,225,726
Total Salaries	1,669,828	1,686,619	1,578,497	1,684,257
Employee Benefits:				
Group Insurance	170,180	113,277	101,301	109,544
Social Security & Retirement	721,003	733,589	668,327	714,206
Other Employee Benefits	1,760	1,520	1,217	8,906
Total Employee Benefits	892,943	848,386	770,845	832,656
Purchased Services	523,529	640,675	452,159	495,517
Supplies & Materials	72,897	105,981	88,508	233,075
Other Expenses	12,807	11,894	5,400	8,253
Total Community Services	3,172,004	3,293,555	2,895,409	3,253,758
Building improvements	3,262,310	1,445,867	2,907,937	4,000
Debt service	-	36,341	40,341	77,501
Capital Outlay	1,065,808	1,055,912	343,508	49,700
Other Financing Uses				
Transfers out	416,553	307,221	2,912	4,344
Total Other Financing Uses	4,744,671	2,845,341	3,294,698	135,545
Total Expenditures	\$ 180,159,321	\$ 173,172,236	\$ 170,979,632	\$ 162,925,877

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2023- 24	Forecast Budget 2022- 23	Forecast Budget 2021- 22	Budget 2020- 21
Instruction				
Salaries:				
Elementary	\$ 22,152,096	\$ 22,152,096	\$ 22,152,096	\$ 22,152,096
Middle School	10,171,375	10,171,375	10,171,375	10,171,375
High School	14,029,847	14,029,847	14,029,847	14,029,847
Other Basic Programs	797,251	797,251	797,251	797,251
Special Education	9,931,015	9,931,015	9,931,015	9,931,015
Other Added Needs	1,600,170	1,600,170	1,600,170	1,600,170
Adult Education	229,338	229,338	229,338	229,338
Total Salaries	58,911,092	58,911,092	58,911,092	58,911,092
Employee Benefits:				
Group Insurance	8,710,185	8,178,577	7,679,415	7,210,718
Social Security & Retirement	27,879,816	27,808,365	27,736,914	27,665,827
Other Employee Benefits	470,110	470,110	470,110	470,110
Total Employee Benefits	37,060,111	36,457,052	35,886,439	35,346,655
Purchased Services	2,821,783	2,821,783	2,821,783	2,821,783
Supplies & Materials	3,154,248	3,152,748	3,151,248	3,149,748
Other Expenses	2,259,619	2,255,679	2,251,739	2,247,799
Total Instruction	104,206,853	103,598,354	103,022,301	102,477,077
Student Services				
Salaries:				
Professional	8,368,510	8,368,510	8,368,510	8,368,510
Non-professional	727,697	727,697	727,697	727,697
Total Salaries	9,096,207	9,096,207	9,096,207	9,096,207
Employee Benefits:				
Group Insurance	1,895,190	1,779,521	1,670,912	1,568,931
Social Security & Retirement	4,169,290	4,169,290	4,169,290	4,169,290
Other Employee Benefits	72,636	72,636	72,636	72,636
Total Employee Benefits	6,137,116	6,021,447	5,912,838	5,810,857
Purchased Services	288,082	288,082	288,082	288,082
Supplies & Materials	25,482	25,482	25,482	26,182
Other Expenses	5,000	5,000	5,000	5,000
Total Student Services	15,551,887	15,436,218	15,327,609	15,226,328
Staff Services				
Salaries:				
Professional	3,985,788	3,985,788	3,985,788	3,985,788
Non-professional	300,006	300,006	300,006	300,006
Total Salaries	4,285,794	4,285,794	4,285,794	4,285,794
Employee Benefits:				
Group Insurance	872,602	819,345	769,338	722,383
Social Security & Retirement	1,831,756	1,831,756	1,831,756	1,831,756
Other Employee Benefits	25,799	25,799	25,799	25,799
Total Employee Benefits	2,730,157	2,676,900	2,626,893	2,579,938
Purchased Services	1,223,718	1,223,718	1,223,718	1,079,498
Supplies & Materials	383,640	383,640	383,640	383,640
Other Expenses	28,280	28,280	28,280	28,280
Total Staff Services	8,651,589	8,598,332	8,548,325	8,357,150

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
General Administration				
Salaries:				
Professional	\$ 423,308	\$ 423,308	\$ 423,308	\$ 423,308
Non-professional	114,311	114,311	114,311	114,311
Total Salaries	537,619	537,619	537,619	537,619
Employee Benefits:				
Group Insurance	120,857	113,481	106,555	100,052
Social Security & Retirement	254,224	254,224	254,224	254,224
Other Employee Benefits	14,761	14,761	14,761	14,761
Total Employee Benefits	389,842	382,466	375,540	369,037
Purchased Services	698,003	698,003	698,003	698,003
Supplies & Materials	13,739	13,739	13,739	13,739
Other Expenses	40,098	40,098	40,098	40,098
Total General Administration	1,679,301	1,671,925	1,664,999	1,658,496
School Administration				
Salaries:				
Professional	3,526,250	3,526,250	3,526,250	3,526,250
Non-professional	1,175,416	1,175,416	1,175,416	1,175,416
Total Salaries	4,701,666	4,701,666	4,701,666	4,701,666
Employee Benefits:				
Group Insurance	948,172	890,302	835,964	784,943
Social Security & Retirement	2,162,297	2,162,297	2,162,297	2,162,297
Other Employee Benefits	14,810	14,810	14,810	14,810
Total Employee Benefits	3,125,279	3,067,409	3,013,071	2,962,050
Purchased Services	85,168	85,168	85,168	85,168
Supplies & Materials	29,194	29,194	29,194	29,194
Other Expenses	2,650	2,650	2,650	2,650
Total School Administration	7,943,957	7,886,087	7,831,749	7,780,728
Business Services				
Salaries:				
Professional	692,952	692,952	692,952	692,952
Non-professional	48,543	48,543	48,543	48,543
Total Salaries	741,495	741,495	741,495	741,495
Employee Benefits:				
Group Insurance	157,193	147,599	138,591	130,132
Social Security & Retirement	347,020	347,020	347,020	347,020
Other Employee Benefits	4,820	4,820	4,820	4,820
Total Employee Benefits	509,033	499,439	490,431	481,972
Purchased Services	927,498	927,498	927,498	927,498
Supplies & Materials	25,931	25,931	25,931	25,931
Other Expenses	237,925	237,925	237,925	237,925
Total Business Services	2,441,882	2,432,288	2,423,280	2,414,821

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Operations & Maintenance				
Salaries:				
Professional	\$ 273,973	\$ 273,973	\$ 273,973	\$ 273,973
Non-professional	875,286	875,286	875,286	875,286
Total Salaries	1,149,259	1,149,259	1,149,259	1,149,259
Employee Benefits:				
Group Insurance	247,802	232,678	218,477	205,143
Social Security & Retirement	375,118	375,118	375,118	375,118
Other Employee Benefits	9,355	9,355	9,355	5,861
Total Employee Benefits	632,275	617,151	602,950	586,122
Purchased Services	8,520,830	8,520,830	8,520,830	8,520,830
Supplies & Materials	3,859,095	3,859,095	3,859,095	3,859,095
Other Expenses	4,656	4,656	4,656	4,656
Total Operations & Maintenance	14,166,115	14,150,991	14,136,790	14,119,962
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	29,694	28,280	26,933	25,650
Total Salaries	29,694	28,280	26,933	25,650
Employee Benefits:				
Group Insurance	9,619	9,032	8,481	7,963
Social Security & Retirement	13,223	12,593	11,993	7,427
Other Employee Benefits	-	-	-	-
Total Employee Benefits	22,842	21,625	20,474	15,390
Purchased Services	7,498,211	7,434,437	7,371,295	7,247,486
Supplies & Materials	488,193	488,193	488,193	488,193
Other Expenses	1,250	1,250	1,250	1,250
Total Transportation	8,040,190	7,973,785	7,908,145	7,777,969
Central Services				
Salaries:				
Professional	1,028,963	1,028,963	1,028,963	1,028,963
Non-professional	968,661	968,661	968,661	968,661
Total Salaries	1,997,624	1,997,624	1,997,624	1,997,624
Employee Benefits:				
Group Insurance	572,791	537,832	505,007	474,185
Social Security & Retirement	684,413	684,413	684,413	684,413
Other Employee Benefits	20,000	20,000	20,000	20,000
Total Employee Benefits	1,277,204	1,242,245	1,209,420	1,178,598
Purchased Services	2,844,504	2,844,504	2,844,504	2,844,504
Supplies & Materials	28,305	28,305	28,305	28,305
Other Expenses	78,746	78,746	78,746	78,746
Total Central Services	6,226,383	6,191,424	6,158,599	6,127,777

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Other Support				
Salaries:				
Professional	\$ 353,455	\$ 353,455	\$ 353,455	\$ 353,455
Non-professional	831,227	831,227	831,227	831,227
Total Salaries	1,184,682	1,184,682	1,184,682	1,184,682
Employee Benefits:				
Group Insurance	111,621	104,808	98,411	92,405
Social Security & Retirement	362,513	362,513	362,513	362,513
Other Employee Benefits	255,891	255,891	255,891	255,891
Total Employee Benefits	730,025	723,212	716,815	710,809
Purchased Services	273,113	273,113	273,113	273,113
Supplies & Materials	128,024	128,024	128,024	128,024
Other Expenses	58,862	58,862	58,862	58,862
Total Other Support	2,374,706	2,367,893	2,361,496	2,355,490
Community Services				
Salaries:				
Professional	239,774	239,774	239,774	239,774
Non-professional	1,453,479	1,453,479	1,453,479	1,453,479
Total Salaries	1,693,253	1,693,253	1,693,253	1,693,253
Employee Benefits:				
Group Insurance	296,641	278,536	261,536	245,574
Social Security & Retirement	801,890	801,890	801,890	801,890
Other Employee Benefits	1,500	1,500	1,500	1,500
Total Employee Benefits	1,100,031	1,081,926	1,064,926	1,048,964
Purchased Services	656,292	656,292	656,292	656,292
Supplies & Materials	126,799	126,799	126,799	126,799
Other Expenses	12,500	12,500	12,500	12,500
Total Community Services	3,588,875	3,570,770	3,553,770	3,537,808
Building improvements	-	-	-	-
Debt service	-	-	-	-
Capital Outlay	500,000	500,000	500,000	1,463,226
Other Financing Uses				
Transfers out	3,182	3,089	2,999	137,912
Total Other Financing Uses	503,182	503,089	502,999	1,601,138
Total Expenditures	\$ 175,374,920	\$ 174,381,156	\$ 173,440,062	\$ 173,434,744

Negative Trends

The District's general fund forecast shows a positive trend in fund balance over the next three years.

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.). 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 this 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%.	84,975,000
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\$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%.	54,030,000
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Total Bonds Payable	<u><u>\$ 139,005,000</u></u>
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The projected Debt Retirement Fund revenue assumes a 3% increase in property values in 2020-21 and is projected to increase at a nominal rate through 2022. The 2020-21 debt levy is 2.47 mills on all classes of property. All bonds are scheduled to be retired by May 2039. This debt does not impact general fund, which does not carry any debt at this time.

The District's current unused legal debt capacity is \$852,456,259. 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:

State Equalized Valuation (SEV)	\$ 6,726,324,453
Legal Debt Limit - 15% of SEV	\$ 1,008,948,668
Calculation of Debt Subject to Limit	
Total Debt	156,492,409
Less Debt not Subject to Limit -	
State Qualified Debt Issuance	<u>-</u>
Net Debt Subject to Limit	<u>156,492,409</u>
Legal Debt Margin	<u><u>\$ 852,456,259</u></u>

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

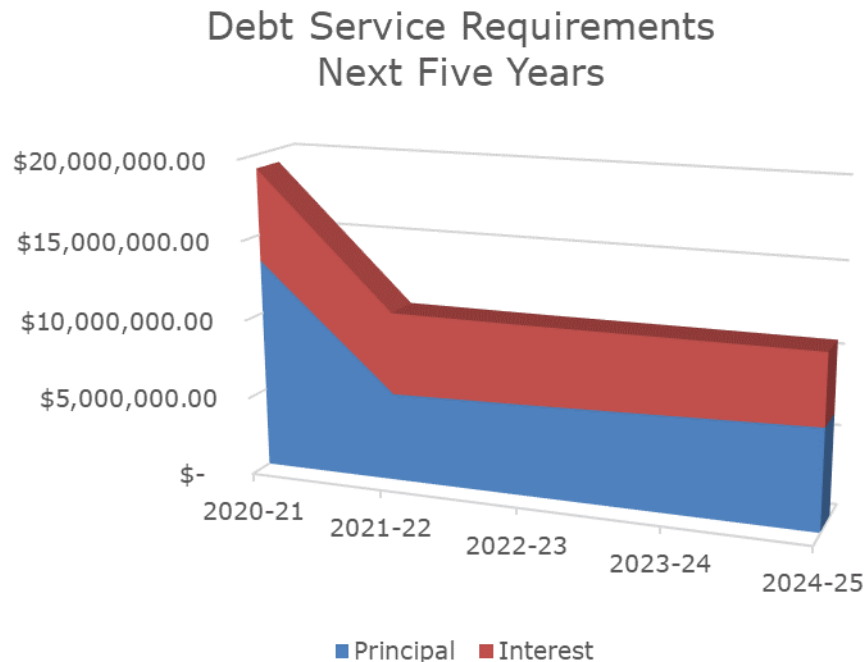
	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Revenues				
Local Sources				
Property Taxes	\$ 28,601,392	\$ 29,572,956	\$ 28,079,585	\$ 26,687,770
Interest on Investments	28,601	30,408	20,385	24,338
Total Revenues & Other Sources	28,629,993	29,603,364	28,099,970	26,712,108
Expenditures				
Principal	21,820,000	21,970,000	21,160,000	18,065,000
Interest and Fiscal Charges	6,781,392	6,132,733	7,101,952	8,959,320
Other	60,000	14,865	72,739	44,058
Total Expenditures & Other Uses	28,661,392	28,117,598	28,334,691	27,068,378
Excess (deficiency) of Revenues Over (Under) Expenditures	(31,399)	1,485,766	(234,721)	(356,270)
Fund Balance July 1	3,736,324	2,250,558	2,485,279	2,841,549
Fund Balance June 30	\$ 3,704,925	\$ 3,736,324	\$ 2,250,558	\$ 2,485,279

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

	Budget 2023-24	Budget 2022-23	Budget 2021-22	Budget 2020-21
Revenues				
Local Sources				
Property Taxes	\$ 10,756,019	\$ 10,726,519	\$ 10,737,269	\$ 19,154,219
Interest on Investments	10,756	10,727	10,737	19,154
Total Revenues & Other Sources	10,766,775	10,737,246	10,748,006	19,173,373
Expenditures				
Principal	6,075,000	5,800,000	5,575,000	13,365,000
Interest and Fiscal Charges	4,681,019	4,926,519	5,162,269	5,789,219
Other	60,000	60,000	60,000	60,000
Total Expenditures & Other Uses	10,816,019	10,786,519	10,797,269	19,214,219
Excess (deficiency) of Revenues Over (Under) Expenditures	(49,244)	(49,273)	(49,263)	(40,846)
Fund Balance July 1	3,565,543	3,614,816	3,664,079	3,704,925
Fund Balance June 30	\$ 3,516,299	\$ 3,565,543	\$ 3,614,816	\$ 3,664,079

Debt retirement Requirements

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



Capital Projects 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. Interest earnings on invested funds will be recorded as revenue and used to support capital purchases.

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.

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 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Interest on Investments	645,000	645,715	967,334	875,598
Bond Proceeds	-	56,025,000	-	-
Bond Premiums	-	1,401,098	-	-
Other Local Revenues	56,000	207,232	59,401	-
Total Revenues & Other Sources	701,000	58,279,045	1,026,735	875,598
Expenditures & Other Financing Uses:				
Site Improvements	6,346,949	8,853,971	10,344,382	5,455,017
Buildings and Additions	19,880,471	21,722,360	27,460,178	18,045,447
Furniture, Fixtures and Equipment	3,967,443	4,758,826	4,112,713	5,037,060
Buses	2,156,112	1,359,827	91,636	2,544,220
Other	1,649,716	2,357,514	2,239,102	2,480,618
Total Expenditures & Other Uses	34,000,691	39,052,498	44,248,011	33,562,362
Excess (deficiency) of Revenues Over (Under) Expenditures	(33,299,691)	19,226,547	(43,221,276)	(32,686,764)
Fund Balance July 1	66,691,381	48,057,315	91,278,591	123,965,355
Fund Balance June 30	<u>\$ 33,391,690</u>	<u>\$ 66,691,381</u>	<u>\$ 48,057,315</u>	<u>\$ 91,278,591</u>

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

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$8,587,271	\$8,418,893	\$ 8,253,817	\$ 8,091,977
Interest on Investments	42,936	42,094	93,686	374,460
Bond Proceeds	-	-	-	-
Bond Premiums	-	-	-	-
Other Local Revenues	-	-	-	50,000
Total Revenues & Other Sources	8,630,207	8,460,987	8,347,503	8,516,437
Expenditures & Other Financing Uses:				
Site Improvements	686,982	673,511	3,273,635	1,667,256
Buildings and Additions	5,868,541	5,753,471	10,049,415	15,819,453
Furniture, Fixtures and Equipment	1,373,963	1,347,023	7,555,324	6,228,718
Buses	-	-	1,229,869	399,896
Other	601,109	589,323	1,054,038	2,502,059
Total Expenditures & Other Uses	8,530,595	8,363,328	23,162,281	26,617,382
Excess (deficiency) of Revenues Over (Under) Expenditures	99,612	97,659	(14,814,778)	(18,100,945)
Fund Balance July 1	573,626	475,967	15,290,745	33,391,690
Fund Balance June 30	<u>\$ 673,238</u>	<u>\$ 573,626</u>	<u>\$ 475,967</u>	<u>\$ 15,290,745</u>

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

	Final Budget 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 645,000	\$ 645,715	\$ 967,334	\$ 875,598
Bond Proceeds	-	56,025,000	-	-
Bond Premiums	-	1,401,098	-	-
Other Local Revenues	56,000	207,232	59,401	-
Total Revenues & Other Sources	701,000	58,279,045	1,026,735	875,598
Expenditures & Other Financing Uses:				
Site Improvements	6,346,949	8,853,971	10,344,382	5,455,017
Buildings and Additions	19,880,471	21,722,360	27,460,178	18,045,447
Furniture, Fixtures and Equipment	3,967,443	4,758,826	4,112,713	5,037,060
Buses	2,156,112	1,359,827	91,636	2,544,220
Other	1,649,716	2,357,514	2,239,102	2,480,618
Total Expenditures & Other Uses	34,000,691	39,052,498	44,248,011	33,562,362
Excess (deficiency) of Revenues Over (Under) Expenditures	(33,299,691)	19,226,547	(43,221,276)	(32,686,764)
Other Financing Sources (Uses)				
Bond Issuance Costs	-	(592,481)	-	-
Total Other Financing Sources (Uses)	-	(592,481)	-	-
Fund Balance July 1	66,691,381	48,057,315	91,278,591	123,965,355
Fund Balance June 30	<u>\$ 33,391,690</u>	<u>\$ 66,691,381</u>	<u>\$ 48,057,315</u>	<u>\$ 91,278,591</u>

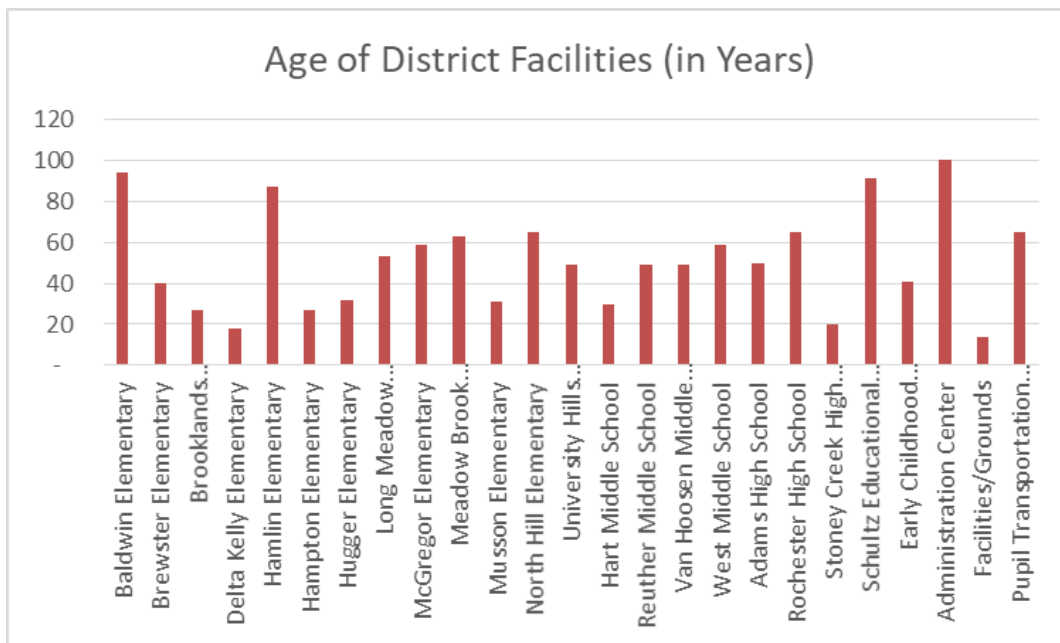
Next Year Budget with Three Year Forecast – Capital Projects Building and Site Fund

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ -	\$ -	\$ 52,417	\$ 334,000
Bond Proceeds	-	-	-	-
Bond Premiums	-	-	-	-
Other Local Revenues	-	-	-	50,000
Total Revenues & Other Sources	-	-	52,417	384,000
Expenditures & Other Financing Uses:				
Site Improvements	-	-	2,613,330	1,667,256
Buildings and Additions	-	-	4,408,757	10,135,624
Furniture, Fixtures and Equipment	-	-	6,234,713	4,728,718
Buses	-	-	1,229,869	399,896
Other	-	-	476,271	1,933,673
Total Expenditures & Other Uses	-	-	14,962,940	18,865,167
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(14,910,523)	(18,481,167)
Fund Balance July 1	-	-	14,910,523	33,391,690
Fund Balance June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,910,523</u>

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

	Budget 2023-24	Budget 2022-23	Budget 2021-22	Budget 2020-21
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$8,587,271	\$8,418,893	\$8,253,817	\$8,091,977
Interest on Investments	42,936	42,094	41,269	40,460
Total Revenues & Other Sources	8,630,207	8,460,987	8,295,086	8,132,437
Expenditures & Other Financing Uses:				
Site Improvements	686,982	673,511	660,305	-
Buildings and Additions	5,868,541	5,753,471	5,640,658	5,683,829
Furniture, Fixtures and Equipment	1,373,963	1,347,023	1,320,611	1,500,000
Other	601,109	589,323	577,767	568,386
Total Expenditures & Other Uses	8,530,595	8,363,328	8,199,341	7,752,215
Excess (deficiency) of Revenues Over (Under) Expenditures	99,612	97,659	95,745	380,222
Fund Balance July 1	573,626	475,967	380,222	-
Fund Balance June 30	\$ 673,238	\$ 573,626	\$ 475,967	\$ 380,222

The following chart illustrates the age of district buildings:



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

<u>Location</u>	<u>Final Budget 2019- 20</u>	<u>Actual 2018- 19</u>	<u>Actual 2017- 18</u>	<u>Actual 2016- 17</u>
Adams High School	\$ 678,617	\$ 4,457,630	7,930,641	\$ 793,245
Rochester High School	323,390	303,198	9,337,172	13,747,625
Stoney Creek High School	4,899,276	1,278,877	206,552	656,096
Schultz Educational Center	117,020	2,733,840	6,465,552	30,387
Hart Middle School	2,980,722	4,890,350	627,629	844,658
Reuther Middle School	584,489	222,821	108,749	232,400
Van Hoosen Middle School	777,466	213,319	149,834	198,235
West Middle School	42,389	162,744	2,722,113	1,580,026
Baldwin Elementary	21,511	89,841	3,408,348	519,118
Brewster Elementary	6,125,645	3,554,053	26,065	62,751
Brooklands Elementary	159,929	2,712,312	354,623	55,532
Delta Kelly Elementary	1,732,435	547,817	23,548	66,500
Hamlin Elementary	42,807	76,234	4,365,046	1,403,907
Hampton Elementary	309,932	5,006,698	1,100,843	77,326
Hugger Elementary	89,134	61,325	3,160,667	6,203,995
Long Meadow Elementary	167,861	1,092,253	321,639	145,893
McGregor Elementary	138,828	1,006,620	229,067	200,101
Meadow Brook Elementary	1,028,738	389,237	22,249	152,386
Musson Elementary	60,437	75,987	3,165,213	6,304,143
North Hill Elementary	1,894,158	2,107,712	71,980	144,588
University Hills Elementary	6,986,061	1,841,266	23,405	28,073
Caring Steps Children's Center	3,619	2,777,195	327,276	-
R.A.C.E.	-	-	-	14,048
Administration Center/District	-	-	-	75,386
Facilities & Grounds	361,411	1,007,670	-	25,943
Transportation	4,474,817	2,443,499	99,800	
Total	<u>\$ 34,000,692</u>	<u>\$ 39,052,498</u>	<u>\$ 44,248,011</u>	<u>\$ 33,562,362</u>

The following Capital Project Funds forecasts include estimated sinking fund expenditures:

<u>Location</u>	<u>Forecast Budget 2023-24</u>	<u>Forecast Budget 2022-23</u>	<u>Forecast Budget 2021-22</u>	<u>Budget 2020-21</u>
Adams High School	\$ 112,000	\$ 3,920,333	\$ 2,039,978	\$ 3,028,906
Rochester High School	1,794,667	1,873,667	1,850,975	159,431
Stoney Creek High School	1,167,333	2,723,333	867,112	7,809,308
Schultz Educational Center	7,000	9,000	3,100	159,493
Hart Middle School	24,000	99,800	362,911	831,759
Reuther Middle School	2,680,000	77,000	1,629,902	910,006
Van Hoosen Middle School	2,659,000	86,500	1,893,901	1,199,677
West Middle School	21,000	80,800	64,882	352,921
Baldwin Elementary	18,769	524,769	146,489	119,036
Brewster Elementary	18,769	50,769	2,669,023	2,127,031
Brooklands Elementary	194,769	58,769	82,777	239,092
Delta Kelly Elementary	18,769	75,769	98,537	197,637
Hamlin Elementary	18,769	92,769	51,497	396,093
Hampton Elementary	45,769	151,769	29,839	309,199
Hugger Elementary	29,269	101,769	96,199	87,575
Long Meadow Elementary	786,769	72,769	38,137	307,092
McGregor Elementary	72,769	676,769	27,132	223,750
Meadow Brook Elementary	9,769	35,769	25,290	1,110,446
Musson Elementary	21,769	79,769	29,067	160,411
North Hill Elementary	21,769	61,219	686,925	197,342
University Hills Elementary	161,769	38,769	2,916,124	4,055,619
Caring Steps Children's Center	4,000	-	-	709,027
R.A.C.E.		-	-	-
Administration Center/District	1,500,000	1,500,000	5,316,608	1,926,533
Facilities & Grounds	5,000	-	393,032	-
Transportation	-	-	1,167,499	-
Total	<u>\$ 11,393,497</u>	<u>\$ 12,391,880</u>	<u>\$ 22,486,936</u>	<u>\$ 26,617,384</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 and student enrollment equal to 90% of classroom capacity in 2019-20, and 95% in 2020-21 and beyond.

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 fulfill 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 (MPERS) 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 2019-20		Actual 2017-18	Actual 2016-17
Revenues		2018-19		
Local	\$ 2,466,108	\$ 3,879,533	\$ 3,893,725	\$ 4,721,138
Tuition	668,232	433,688	-	-
Food Sales	1,655,920	2,261,895	2,272,448	2,264,018
State	122,002	120,648	108,194	252,435
Federal	1,613,976	1,035,362	1,042,077	1,032,573
Total Revenues	6,526,238	7,731,126	7,316,444	8,270,164
Expenditures				
Instruction				
Basic Programs	240,728	217,979	-	-
Support Services				
Instructional Support	183,218	185,981	-	-
Operations & Maintenance	186,034	151,394	2,014	1,200
Central Support	3,196	26,481	-	-
Support Services - Other	3,332,802	3,130,950	3,110,940	2,743,527
Support Services - Building Improvements	471,971	365,694	3,747	-
Community Services	2,778,082	4,133,646	3,795,623	4,399,718
Total Expenditures	7,196,031	8,212,125	6,912,324	7,144,445
Other Financing Sources				
Proceeds from Sale of Assets		4,216		
Interfund Transfers	416,553	307,220	2,912	4,344
	416,553	307,220	2,912	4,344
Excess (deficiency) of Revenues Over (Under) Expenditures	(253,240)	(169,563)	407,032	1,130,063
Fund Balance July 1	3,096,255	3,265,820	2,858,632	1,728,571
Fund Balance June 30	\$ 2,843,015	\$ 3,096,257	\$ 3,265,664	\$ 2,858,634

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

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues				
Local	\$ 2,693,792	\$ 2,616,322	\$ 2,541,089	\$ 2,491,264
Tuition	2,128,284	1,792,476	1,680,540	1,003,472
Food Sales	2,616,651	2,540,438	2,466,445	2,394,607
State	122,002	122,002	122,002	122,002
Federal	<u>1,004,275</u>	<u>1,004,275</u>	<u>1,004,275</u>	<u>1,004,275</u>
Total Revenues	8,565,004	8,075,513	7,814,351	7,015,620
Expenditures				
Instruction				
Basic Programs	553,128	462,525	403,166	276,251
Support Services				
Instructional Support	184,110	169,883	159,459	138,083
Operations & Maintenance	357,373	302,303	266,193	157,469
Central Support	13,815	11,510	10,000	10,000
Support Services - Other	3,494,990	3,426,461	3,359,275	3,293,407
Support Services - Building Improvements	175,000	175,000	175,000	600,000
Community Services	<u>3,444,716</u>	<u>3,208,495</u>	<u>3,031,449</u>	<u>2,840,700</u>
Total Expenditures	8,223,132	7,756,177	7,404,542	7,315,910
Other Financing Sources				
Proceeds from Sale of Assets				
Interfund Transfers	<u>3,182</u>	<u>3,089</u>	<u>2,999</u>	<u>137,912</u>
	3,182	3,089	2,999	137,912
Excess (deficiency) of Revenues Over (Under) Expenditures	345,054	322,425	412,808	(162,378)
Fund Balance July 1	<u>3,415,870</u>	<u>3,093,445</u>	<u>2,680,637</u>	<u>2,843,015</u>
Fund Balance June 30	\$ <u>3,760,924</u>	\$ <u>3,415,870</u>	\$ <u>3,093,445</u>	\$ <u>2,680,637</u>

Book Store Fund

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

	Final Budget 2019-20	Actual		
		2018-19	2017-18	2016-17
Revenues				
Bookstore Sales	\$ <u>105,900</u>	\$ <u>105,208</u>	\$ <u>83,695</u>	\$ <u>64,006</u>
Total Revenue	105,900	105,208	83,695	64,006
Expenditures				
Community Services	105,400	99,229	77,048	57,378
Total Expenditures	<u>105,400</u>	<u>99,229</u>	<u>77,048</u>	<u>57,378</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	500	5,979	6,647	6,628
Fund Balance July 1	<u>81,108</u>	<u>75,129</u>	<u>68,482</u>	<u>61,854</u>
Fund Balance June 30	\$ <u>81,608</u>	\$ <u>81,108</u>	\$ <u>75,129</u>	\$ <u>68,482</u>

Next Year Budget with Three Year Forecast – Book Store Fund

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues				
Bookstore Sales	\$ 103,998	\$ 101,959	\$ 99,960	\$ 98,000
Total Revenue	<u>103,998</u>	<u>101,959</u>	<u>99,960</u>	<u>98,000</u>
Expenditures				
Community Services	103,998	101,959	99,960	113,100
Total Expenditures	<u>103,998</u>	<u>101,959</u>	<u>99,960</u>	<u>113,100</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	(15,100)
Fund Balance July 1	<u>66,508</u>	<u>66,508</u>	<u>66,508</u>	<u>81,608</u>
Fund Balance June 30	<u>\$ 66,508</u>	<u>\$ 66,508</u>	<u>\$ 66,508</u>	<u>\$ 66,508</u>

Food Service Fund

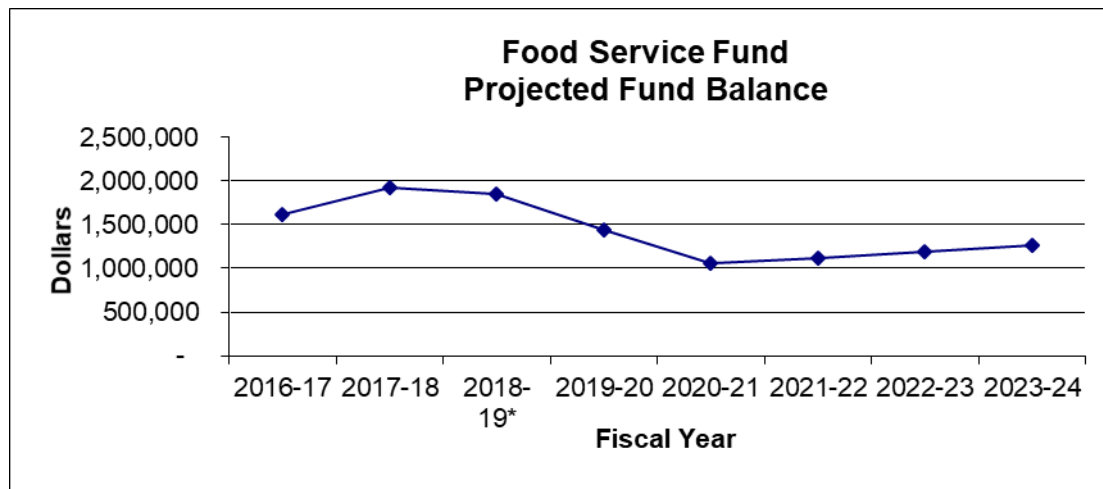
Food service revenue and non-staff expenditures are expected to increase at the rate of inflation. Net profits are used to maintain and improve food service operations.

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

	Final Budget 2019-20	Actual 2018-19*	Actual 2017-18	Actual 2016-17
Revenues				
Food Sales	\$ 1,655,920	\$ 2,261,895	\$ 2,272,448	\$ 2,264,018
State	122,000	120,646	108,192	252,433
Federal	<u>1,613,976</u>	<u>1,035,362</u>	<u>1,042,077</u>	<u>1,032,573</u>
Total Revenues	<u>3,391,896</u>	<u>3,417,903</u>	<u>3,422,717</u>	<u>3,549,024</u>
Expenditures				
Support Services				
Operations & Maintenance	2,400	1,809	2,014	1,200
Support Services - Other	3,332,802	3,130,950	3,110,940	2,743,527
Building Improvements	<u>471,971</u>	<u>365,694</u>	<u>3,747</u>	<u>-</u>
Total Expenditures	<u>3,807,173</u>	<u>3,498,453</u>	<u>3,116,701</u>	<u>2,744,727</u>
Other Financing Sources				
Proceeds from Sale of Assets		4,216		
Interfund Transfers	<u>2,912</u>	<u>2,764</u>	<u>2,912</u>	<u>4,344</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(412,365)	(73,570)	308,928	808,641
Fund Balance July 1	<u>1,845,449</u>	<u>1,919,019</u>	<u>1,609,933</u>	<u>801,292</u>
Fund Balance June 30	<u>\$ 1,433,084</u>	<u>\$ 1,845,449</u>	<u>\$ 1,918,861</u>	<u>\$ 1,609,933</u>

Next Year Budget with Three Year Forecast – Food Service Fund

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues				
Food Sales	\$ 2,616,651	\$ 2,540,438	\$ 2,466,445	\$ 2,394,607
State	122,000	122,000	122,000	122,000
Federal	1,004,275	1,004,275	1,004,275	1,004,275
Total Revenues	3,742,926	3,666,713	3,592,720	3,520,882
Expenditures				
Support Services				
Operations & Maintenance	2,547	2,497	2,448	2,400
Support Services - Other	3,494,990	3,426,461	3,359,275	3,293,407
Building Improvements	175,000	175,000	175,000	600,000
Total Expenditures	3,672,537	3,603,958	3,536,723	3,895,807
Other Financing Sources				
Proceeds from Sale of Assets				
Interfund Transfers	3,182	3,089	2,999	2,912
Excess (deficiency) of Revenues Over (Under) Expenditures	73,571	65,844	58,996	(372,013)
Fund Balance July 1	1,185,911	1,120,067	1,061,071	1,433,084
Fund Balance June 30	<u>\$ 1,259,482</u>	<u>\$ 1,185,911</u>	<u>\$ 1,120,067</u>	<u>\$ 1,061,071</u>



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 expects to continue the SFSP through December 2020.

Early Learning Center

The District began operating an early learning center in the fall of 2018. Forecasted revenue levels are based on expected enrollment for 2020, 2021, and 2022 at capacity rates of 85%, 90%, and 100% respectively. 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.

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

	Budget 2020-21	Final Budget 2019-20	Actual 2018-19
Revenues			
Tuition	\$ 1,003,472	\$ 620,132	\$ 423,058
Other Local Sources	-	-	10,630
State	-	48,100	-
Total Revenues	<u>1,003,472</u>	<u>668,232</u>	<u>433,688</u>
Expenditures			
Instruction			
Basic Programs	276,251	240,728	217,979
Support Services			
Instructional Support	138,083	183,218	185,981
Operations & Maintenance	155,069	183,634	149,585
Central Support	10,000	3,196	26,481
Community Services	559,069	471,097	158,118
Total Expenditures	<u>1,138,472</u>	<u>1,081,873</u>	<u>738,144</u>
Other Financing Sources			
Interfund Transfers	<u>135,000</u>	<u>413,641</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>

Three Year Forecast – Early Learning Center Fund

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22
Revenues			
Tuition	\$ 2,126,784	\$ 1,790,976	\$ 1,679,040
Other Local Sources	1,500	1,500	1,500
State	-	-	-
Total Revenues	<u>2,128,284</u>	<u>1,792,476</u>	<u>1,680,540</u>
Expenditures			
Instruction			
Basic Programs	553,128	462,525	403,166
Support Services			
Instructional Support	184,110	169,883	159,459
Operations & Maintenance	354,826	299,806	263,745
Central Support	13,815	11,510	10,000
Community Services	<u>994,111</u>	<u>828,277</u>	<u>719,587</u>
Total Expenditures	<u>2,099,990</u>	<u>1,772,001</u>	<u>1,555,957</u>
Other Financing Sources			
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	28,294	20,475	124,583
Fund Balance July 1	<u>145,058</u>	<u>124,583</u>	<u>-</u>
Fund Balance June 30	<u>\$ 173,352</u>	<u>\$ 145,058</u>	<u>\$ 124,583</u>

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 2019-20	Fiduciary Fund Actual		
		2018-19	2017-18	2016-17
Revenues				
Local	\$ 2,360,208	\$ 3,774,325	\$ 3,810,030	\$ 4,657,132
Total Revenues	2,360,208	3,774,325	3,810,030	4,657,132
Community Services	2,201,585	3,876,299	3,718,575	4,342,340
Total Expenditures	2,201,585	3,876,299	3,718,575	4,342,340
Other Financing Sources (Uses)				
Interfund Transfers	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	158,623	(101,974)	91,455	314,792
Fund Balance July 1	1,169,698	1,271,672	1,180,217	865,425
Fund Balance June 30	<u>\$ 1,328,321</u>	<u>\$ 1,169,698</u>	<u>\$ 1,271,672</u>	<u>\$ 1,180,217</u>

Fiduciary Fund actual data restated for comparison purposes only.

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

	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22	Budget 2020-21
Revenues				
Local	\$ 2,589,794	\$ 2,514,363	\$ 2,441,129	\$ 2,393,264
Total Revenues	2,589,794	2,514,363	2,441,129	2,393,264
Community Services	2,346,607	2,278,259	2,211,902	2,168,531
Total Expenditures	2,346,607	2,278,259	2,211,902	2,168,531
Other Financing Sources (Uses)				
Interfund Transfers	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	243,187	236,104	229,227	224,733
Fund Balance July 1	2,018,385	1,782,281	1,553,054	1,328,321
Fund Balance June 30	<u>\$ 2,261,572</u>	<u>\$ 2,018,385</u>	<u>\$ 1,782,281</u>	<u>\$ 1,553,054</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. The strings program grew from 200 to approximately 256 students in eight sections of orchestra classes in 2019-20, the second year of the program.

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

Orchestra Program Implementation Cost Estimate					
	Middle School			High School	
	Actual		2020-21	Projected	
	2018-19	2019-20		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	190,499	199,298	208,330
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 estimated program cost	<u>\$ 246,234</u>	<u>\$ 488,373</u>	<u>\$ 208,195</u>	<u>\$ 373,122</u>	<u>\$ 269,785</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.

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 \$314,380 at June 30, 2020. Following is a schedule of the early retirement incentive liability:

Early Retirement Incentive	
<u>Year Ended</u>	<u>Amount Due</u>
2021	\$119,560
2022	88,920
2023	46,820
2024	26,880
2025	16,600
2026	14,400
2027	1,200
	<u>\$314,380</u>

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Rochester Community Schools Informational Section



Property Tax Values-Assessed and Estimated

Fiscal Year	Real Property			Personal Property		
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2023-24	*	Non-homestead	\$ 1,203,919,894	\$ 2,407,839,788	\$ 87,621,144	\$ 175,242,288
		Homestead	1,203,919,894	2,407,839,788	87,621,144	175,242,288
		Total	2,407,839,788	4,815,679,576	175,242,288	350,484,576
2022-23	*	Non-homestead	\$ 1,180,313,622	\$ 2,360,627,244	\$ 85,903,082	\$ 171,806,164
		Homestead	4,395,936,554	8,791,873,108	-	-
		Total	5,576,250,176	11,152,500,352	85,903,082	171,806,164
2021-22	*	Non-homestead	\$ 1,157,170,218	\$ 2,314,340,436	\$ 84,218,708	\$ 168,437,416
		Homestead	4,309,741,720	8,619,483,440	-	-
		Total	5,466,911,938	10,933,823,876	84,218,708	168,437,416
2020-21	*	Non-homestead	\$ 1,134,480,606	\$ 2,268,961,212	\$ 82,567,361	\$ 165,134,722
		Homestead	4,225,236,980	8,450,473,960	-	-
		Total	5,359,717,586	10,719,435,172	82,567,361	165,134,722
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
2017-18	**	Non-homestead	\$ 976,003,850	\$ 1,952,007,700	\$ 82,298,115	\$ 164,596,230
		Homestead	3,685,648,070	7,371,296,140	-	-
		Total	4,661,651,920	9,323,303,840	82,298,115	164,596,230
2016-17	**	Non-homestead	\$ 916,228,502	\$ 1,832,457,004	\$ 84,102,050	\$ 168,204,100
		Homestead	3,554,039,672	7,108,079,344	-	-
		Total	4,470,268,174	8,940,536,348	84,102,050	168,204,100

Property Tax Rates-Assessed and Estimated

	Operating Mills*	Debt Mills	Sinking Fund**	Total Mills
2020-21	18.0000	2.4674	1.5000	20.4674
2019-20	18.0000	5.3000	-	23.3000
2018-19	18.0000	6.0100	-	24.0100
2017-18	18.0000	6.0000	-	24.0000
2016-17	18.0000	5.9000	-	23.9000

*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

PROPERTY TAX LEVIES AND COLLECTIONS GENERAL FUND						
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2020-21* \$	20,629,994	N/A	N/A	N/A	N/A	N/A
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%
2017-18	17,643,526	16,934,096	95.98%	709,430	17,643,526	100.00%
2016-17	16,904,921	16,462,429	97.38%	442,492	16,904,921	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

IMPACT OF SCHOOL MILLAGE RATE ON HOMEOWNERS					
	2020-21	2019-20	2018-19	2017-18	2016-17
Median Market Value of a Home (1)	\$ 355,023	\$ 324,611	\$ 254,900	\$ 249,902	\$ 246,874
State Equalized Value (SEV) (2)	177,512	162,306	127,450	124,951	123,437
Taxable Value (3)	177,512	162,306	127,450	124,951	123,437
State Education Property Tax (4)	1,065	974	765	750	741
Debt Retirement (4)	438	860	766	750	728
Sinking Fund (4)	266	-	-	-	-
Property Tax Paid to Schools (4)	1,769	1,834	1,531	1,500	1,469
Increase(decrease) from prior year	(65)	303	31	31	(1)

Enrollment

Enrollment is important to the financial health of the District because state funding is based on a per-pupil formula. 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 2019, and projected enrollment through 2023 using the cohort survival method.

Fall Student Enrollment					
			Actual*		
	2015	2016	2017	2018	2019
Elementary Schools:					
Kindergarten	991	1,025	1,004	1,019	1,216
1st Grade	1,002	1,013	1,093	1,041	1,163
2nd Grade	1,019	1,039	1,039	1,118	1,169
3rd Grade	1,081	1,030	1,082	1,056	1,262
4th Grade	1,079	1,111	1,080	1,102	1,195
5th Grade	1,109	1,110	1,137	1,093	1,208
Total	6,281	6,328	6,435	6,429	7,213
Middle Schools:					
6th Grade	1,154	1,126	1,137	1,154	1,237
7th Grade	1,131	1,167	1,177	1,151	1,307
8th Grade	1,148	1,171	1,183	1,197	1,302
Total	3,433	3,464	3,497	3,502	3,846
High Schools:					
9th Grade	1,216	1,220	1,207	1,213	1,264
10th Grade	1,189	1,243	1,211	1,214	1,227
11th Grade	1,217	1,184	1,260	1,227	1,212
12th Grade	1,268	1,245	1,216	1,297	1,271
Total	4,890	4,892	4,894	4,951	4,974
Alternative Education	34	14	40	60	40
Special Education	434	419	437	437	372
Grand Total	15,072	15,117	15,303	15,379	16,445

Fall Student Enrollment					
Projected**					
	2020	2021	2022	2023	2024
Elementary Schools:					
Kindergarten	1,143	1,144	1,151	1,158	1,146
1st Grade	1,088	1,089	1,090	1,097	1,102
2nd Grade	1,108	1,115	1,116	1,118	1,112
3rd Grade	1,125	1,139	1,145	1,149	1,135
4th Grade	1,198	1,150	1,163	1,174	1,163
5th Grade	1,109	1,211	1,164	1,175	1,182
Total	6,771	6,848	6,829	6,871	6,840
Middle Schools:					
6th Grade	1,152	1,139	1,232	1,199	1,203
7th Grade	1,146	1,163	1,148	1,244	1,205
8th Grade	1,231	1,174	1,192	1,178	1,260
Total	3,529	3,476	3,572	3,621	3,668
High Schools:					
9th Grade	1,203	1,237	1,177	1,197	1,184
10th Grade	1,243	1,211	1,244	1,187	1,203
11th Grade	1,224	1,245	1,213	1,248	1,190
12th Grade	1,216	1,234	1,256	1,225	1,254
Total	4,886	4,927	4,890	4,857	4,831
Alternative Education	40	40	40	40	40
Special Education	372	372	372	372	372
Grand Total	15,598	15,663	15,703	15,761	15,751

*Source: audited district records

**Source: Decision Insite Enrollment Forecast Report 2019 Conservative Study adjusted for special populations.

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

General Education Fall Student Enrollment
Last Five Years

Building	Grade Level	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020
ACE High School	9-12	81	66	57	60	44
Adams High School	9-12	1,634	1,598	1,571	1,598	1,164
Rochester High School	9-12	1,562	1,608	1,641	1,702	1,284
Stoney Creek High Sch	9-12	1,592	1,598	1,632	1,611	1,172
Hart Middle School	6-8	1,144	1,118	1,126	1,112	1,479
Reuther Middle School	6-8	673	714	700	696	925
Van Hoosen Middle Sch	6-8	829	865	895	875	1,172
West Middle School	6-8	887	859	853	834	1,108
Baldwin Elementary	K-5	526	559	564	567	588
Brewster Elementary	K-5	423	408	402	404	405
Brooklands Elementary	K-5	511	489	481	499	521
Delta Kelly Elementary	K-5	574	556	595	609	631
Hamlin Elementary	K-5	378	388	428	427	460
Hampton Elementary	K-5	449	443	492	528	564
Hugger Elementary	K-5	538	545	543	541	550
Long Meadow Element	K-5	581	580	591	568	583
McGregor Elementary	K-5	448	466	468	438	436
Meadow Brook Elemer	K-5	406	425	428	431	454
Musson Elementary	K-5	480	497	512	506	490
North Hill Elementary	K-5	561	552	529	490	505
University Hills Element	K-5	457	477	472	447	441
Total		<u>14,734</u>	<u>14,811</u>	<u>14,980</u>	<u>14,943</u>	<u>14,976</u>

Personnel Resources

Actual and projected personnel resources are as follows:

Personnel Resource Allocations
Full-Time Equivalent (FTE)

Position	Actual*			
	2016-17	2017-18	2018-19	2019-20
Teachers	893	901	902	909
Administrators	32	32	33	35
Secretaries	90	90	92	80
Maintenance/Grounds/Technicians	42	42	37	32
Paraprofessionals	274	274	272	277
Executive Staff/Directors	10	10	11	12
Total FTE	<u>1,341</u>	<u>1,349</u>	<u>1,347</u>	<u>1,345</u>

*Source: district records

Personnel Resource Allocations
Full-Time Equivalent (FTE)

Position	Projected**			
	2020-21	2021-22	2022-23	2023-24
Teachers	902	904	905	905
Administrators	33	33	33	33
Secretaries	92	92	92	92
Maintenance/Grounds/Technicians	37	37	37	37
Paraprofessionals	272	272	272	272
Executive Staff/Directors	11	11	11	11
Total FTE	1,347	1,349	1,350	1,350

**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, 2020

		<u>Date of Issue</u>	<u>Amount of Issue</u>			
Debt Retirement Fund						
2016	Building & Site	2/16/2016	\$ 108,725,000			
		<u>Interest Rate</u>	<u>Date of Final Maturity</u>	<u>Amount of Annual Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Total</u>
			11/1/20		\$ 2,079,625	\$ 2,079,625
		5.00%	5/1/21	\$ 11,300,000	2,079,625	13,379,625
			11/1/21	-	1,797,125	1,797,125
		5.00%	5/1/22	3,425,000	1,797,125	5,222,125
			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>\$ 84,975,000</u>	<u>\$ 36,341,500</u>	<u>\$ 121,316,500</u>

Debt Retirement Fund
Detail Schedule of Bonded Indebtedness
June 30, 2020

Debt Retirement Fund 2016 Building & Site Series II	<u>Date of Issue</u>	<u>Amount of Issue</u>			
	5/25/2019	<u>\$ 56,025,000</u>			
	<u>Interest Rate</u>	<u>Date of Final Maturity</u>	<u>Amount of Annual Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Total</u>
		11/1/20		\$ 814,984	\$ 814,984
	3.000%	5/1/21	\$ 2,065,000	814,984	2,879,984
		11/1/21		784,009	784,009
	3.000%	5/1/22	2,150,000	784,009	2,934,009
		11/1/22		751,759	751,759
	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>\$ 54,030,000</u>	<u>\$ 17,891,524</u>	<u>\$ 71,921,524</u>

Graduation and Dropout Rates

ROCHESTER COMMUNITY SCHOOLS GRADUATION & ATTENDANCE RATES JUNE 30, 2020

	<u>2018-19*</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
4 Year Graduation Rate	96.81%	96.00%	96.00%	96.00%	95.00%
Attendance Rate	95.97%	96.51%	96.61%	96.54%	96.86%
Drop Out Rate	1.36%	2.00%	1.00%	3.00%	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, 2020

	March 21, 2020 - June 30, 2020 2019-20*	July 1, 2019 - March 21, 2020 2019-20*	2018-19	2017-18	2016-17
School Lunch Program:					
Total Lunches Served	104,327	366,107	645,142	659,619	716,850
Free Lunches Served	104,327	79,273	148,564	152,453	159,782
% of Free Lunches Total	100%	22%	23%	23%	22%
Reduced Price Lunches Served	-	10,756	17,470	20,355	30,359
% of Reduced Lunches Total	0%	3%	3%	3%	4%
Paid Lunches Served	-	276,078	479,108	486,811	526,709
% of Paid Lunches Total	0%	75%	74%	74%	73%
Total Enrollment (October)	16,445	16,445	15,375	15,303	15,104
School Breakfast Program:					
Total Breakfasts Served	104,456	43,990	65,587	72,355	81,643
Free Breakfasts Served	104,456	28,082	41,996	45,769	52,255
% of Free Breakfasts Total	100%	64%	64%	63%	64%
Reduced Price Breakfasts Served	-	2,813	3,553	4,330	6,942
% of Reduced Breakfasts Total	0%	6%	5%	6%	9%
Paid Breakfasts Served	-	13,095	20,038	22,256	22,446
% of Paid Breakfasts Total	0%	30%	31%	31%	27%

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.

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 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:

GRADUATION & ATTENDANCE RATES JUNE 30, 2020					
	<u>2018-19*</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
4 Year Graduation Rate	96.81%	96.00%	96.00%	96.00%	95.00%
Attendance Rate	95.97%	96.51%	96.61%	96.54%	96.86%
Drop Out Rate	1.36%	2.00%	1.00%	3.00%	2.00%

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

*Most current data available

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. For the 2016-17 school year the District scored full marks receiving four out of a possible four points.

Student Achievement

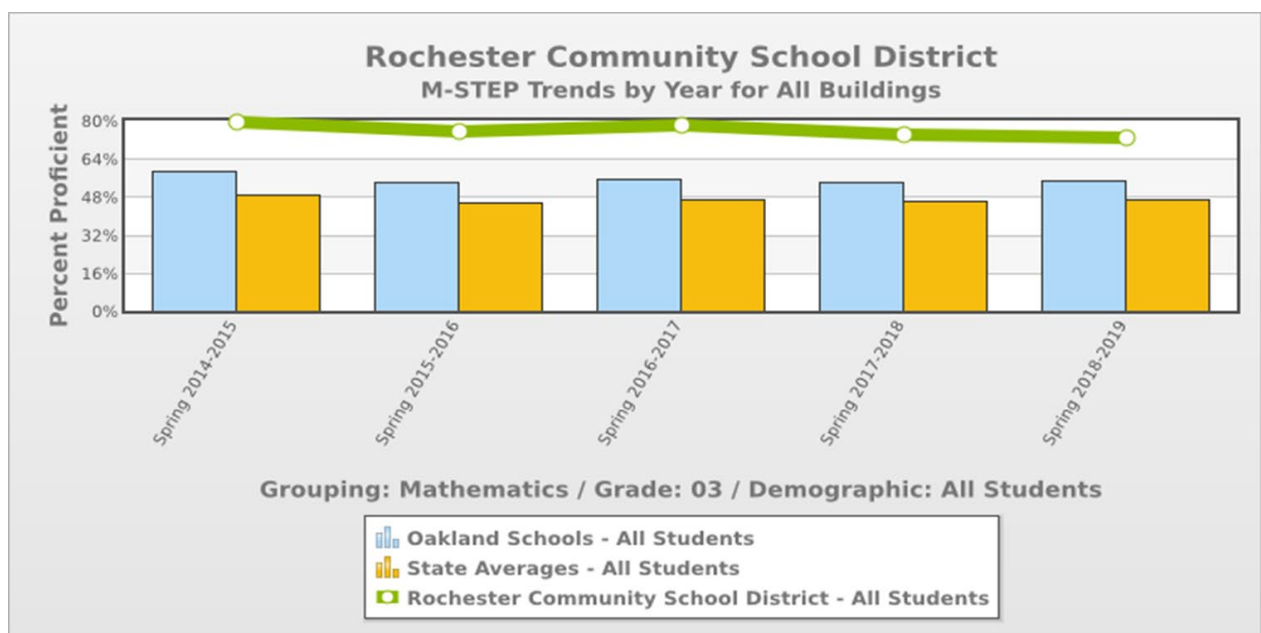
Michigan Educational Assessment and Accountability Grades K-12

State assessments measure student progress with content standards and career/college readiness goals. In grades 3-7, students are given the on-line

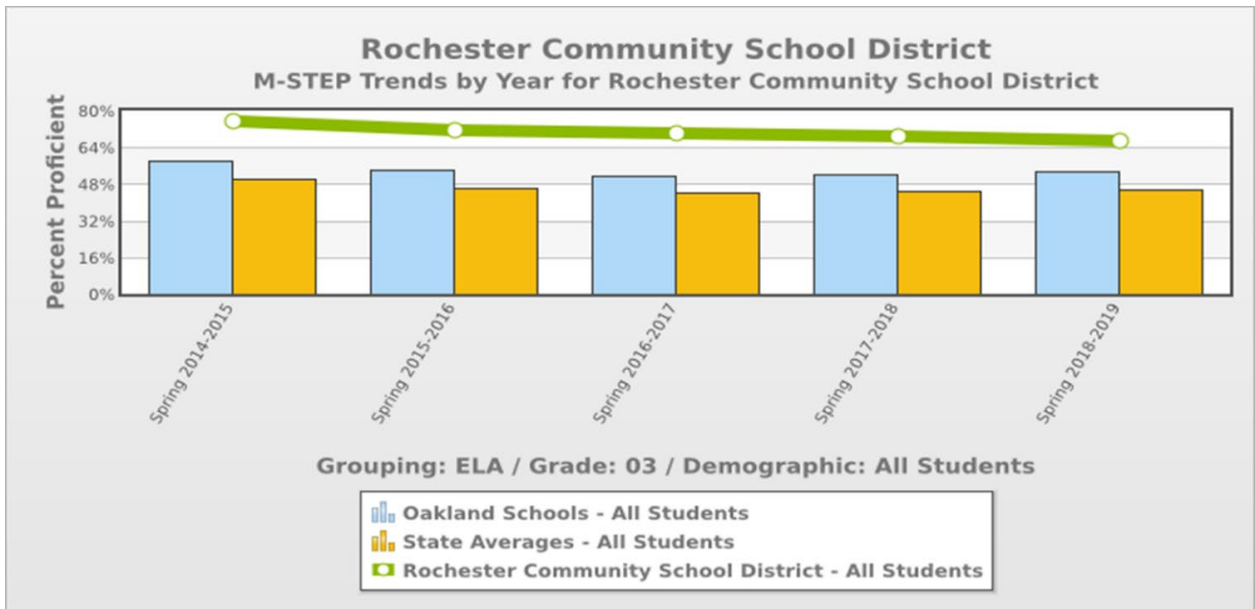
Michigan Student Test of Educational Progress (M-STEP) test, to measure knowledge of state standards in English language arts (ELA) and mathematics. Science and social studies student knowledge is measured by the M-STEP in grades 5 and 8.

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).

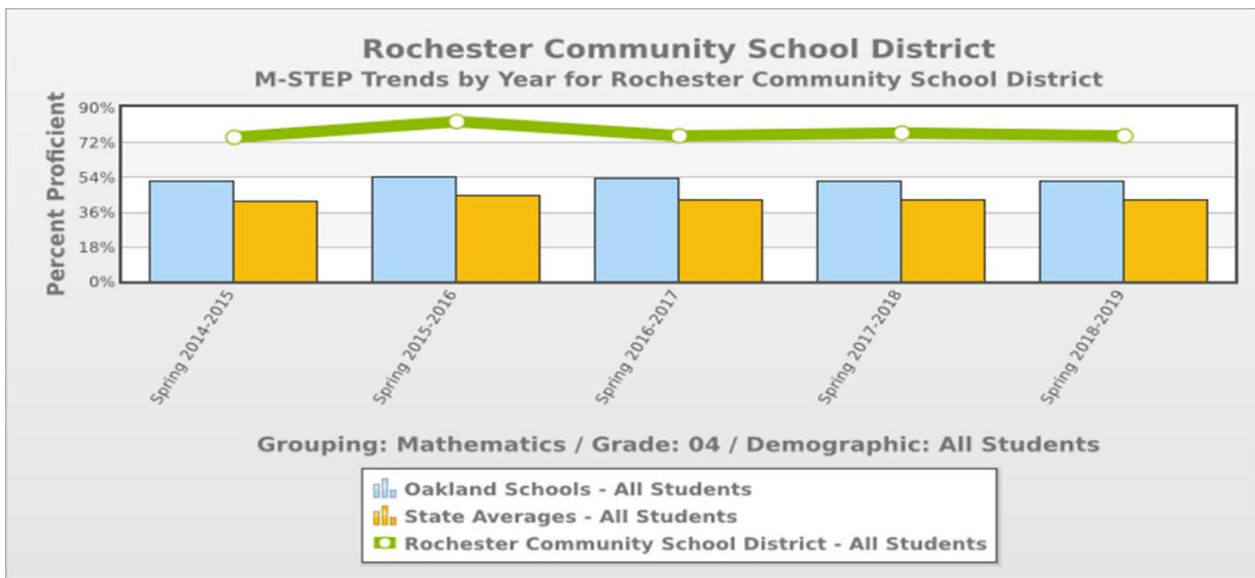
Data shows that Rochester Community Schools' students consistently score higher on the M-STEP assessments than both the county and state averages. Additionally, Rochester students often score higher than peer districts and rank in the top three schools on the PSAT and SAT. Following are the most recent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



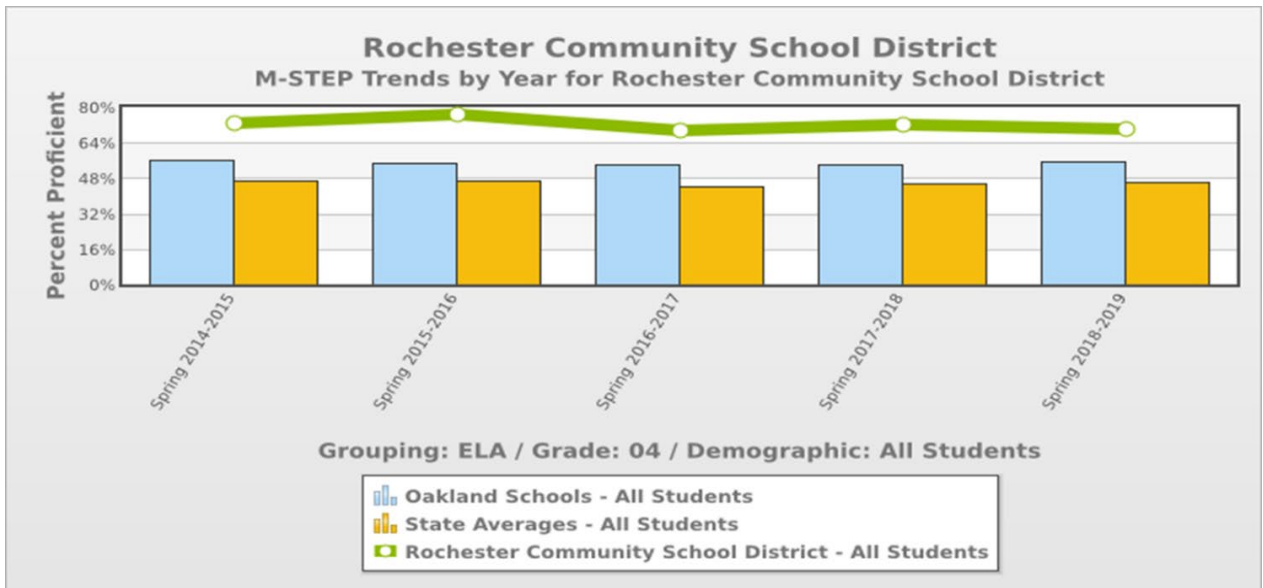
In 18-19 the grade 03 Mathematics Total Proficiency for All Students was **8.2** percentage points higher than the Oakland Schools and **25.9** percentage points higher than the State Average.



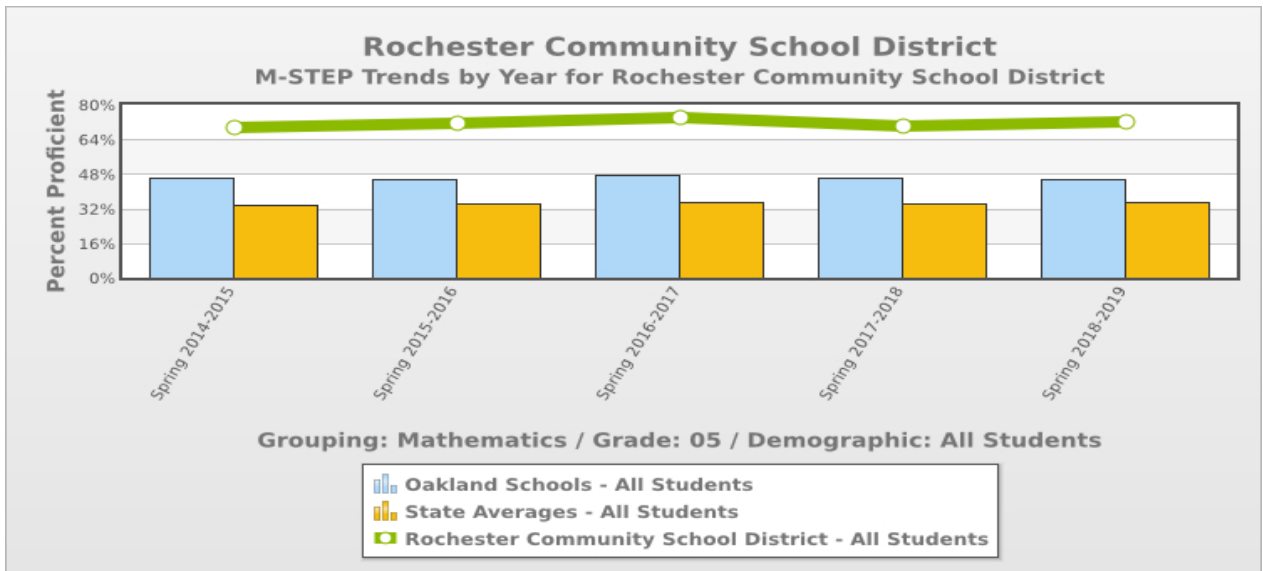
In 18-19 the grade 03 ELA Total Proficiency for All Students was **13.3** percentage points higher than the Oakland Schools and **21.5** percentage points higher than the State Average.



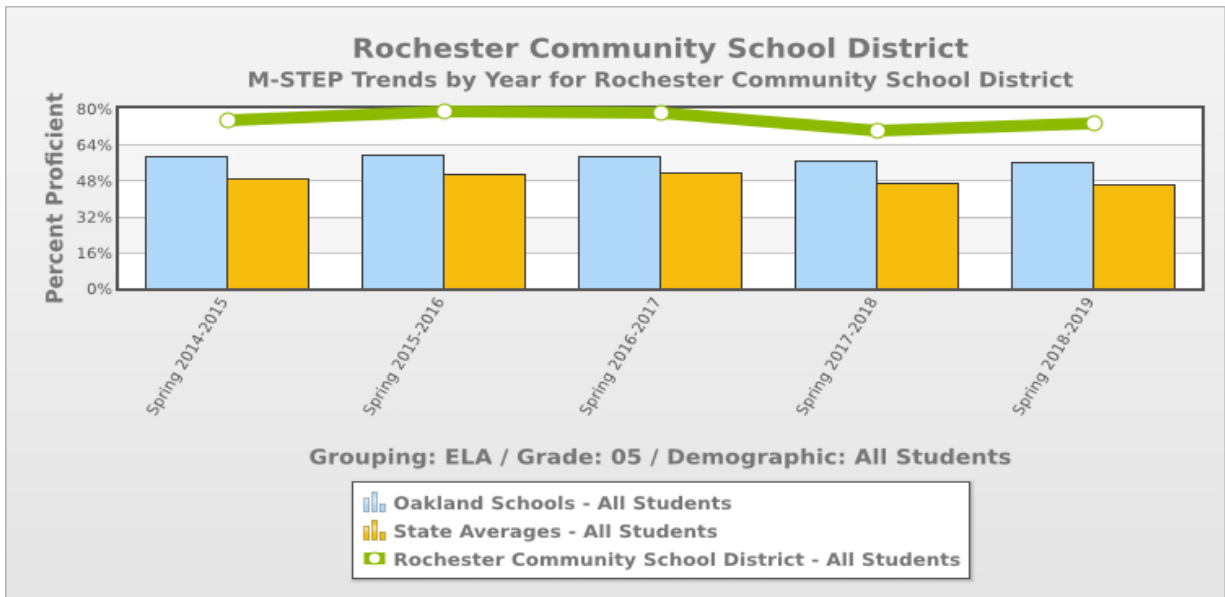
In 18-19 the grade 04 Mathematics Total Proficiency for All Students was **23.1** percentage points higher than the Oakland Schools and **33.2** percentage points higher than the State Average.



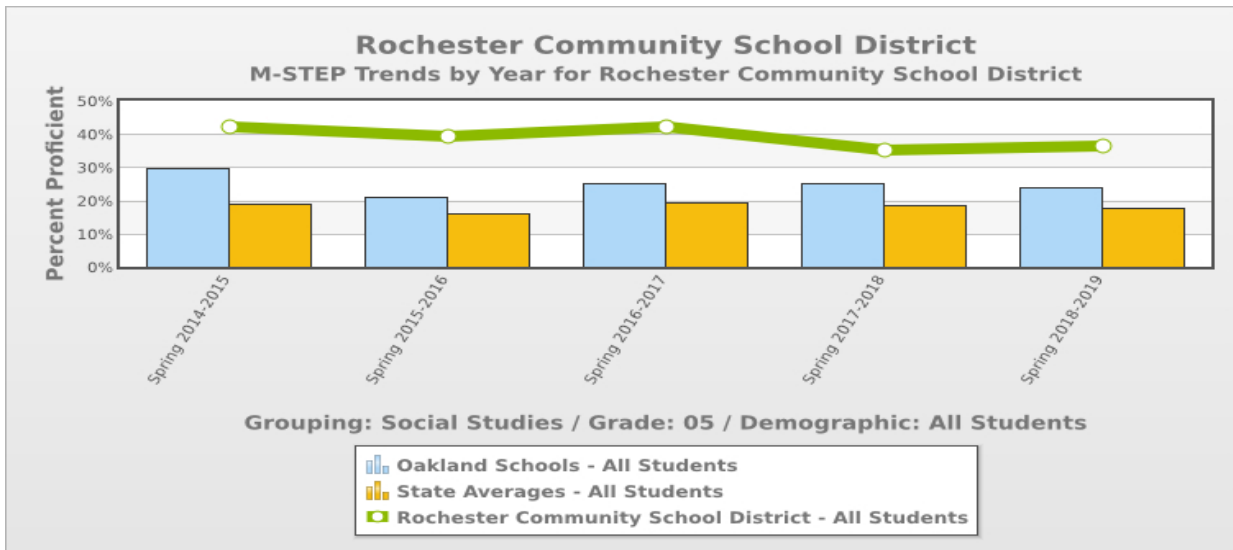
In 18-19 the grade 04 ELA Total Proficiency for All Students was **15** percentage points higher than the Oakland School and **24.4** percentage points higher than the State Average.



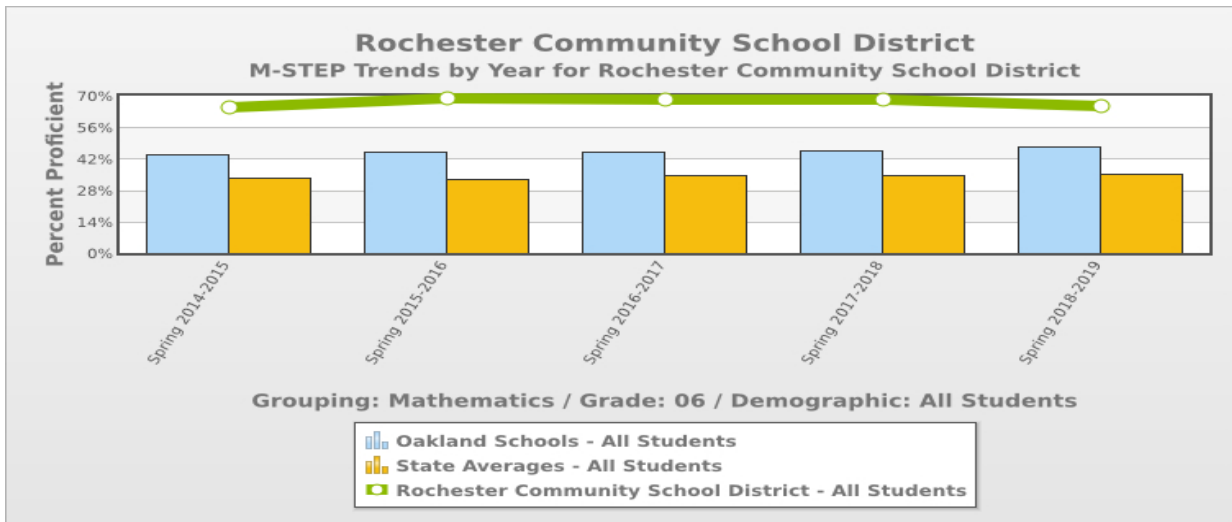
In 18-19 the grade 05 Mathematics Total Proficiency for All Students was **26.5** percentage points higher than the Oakland Schools and **37.3** percentage points higher than the State Average.



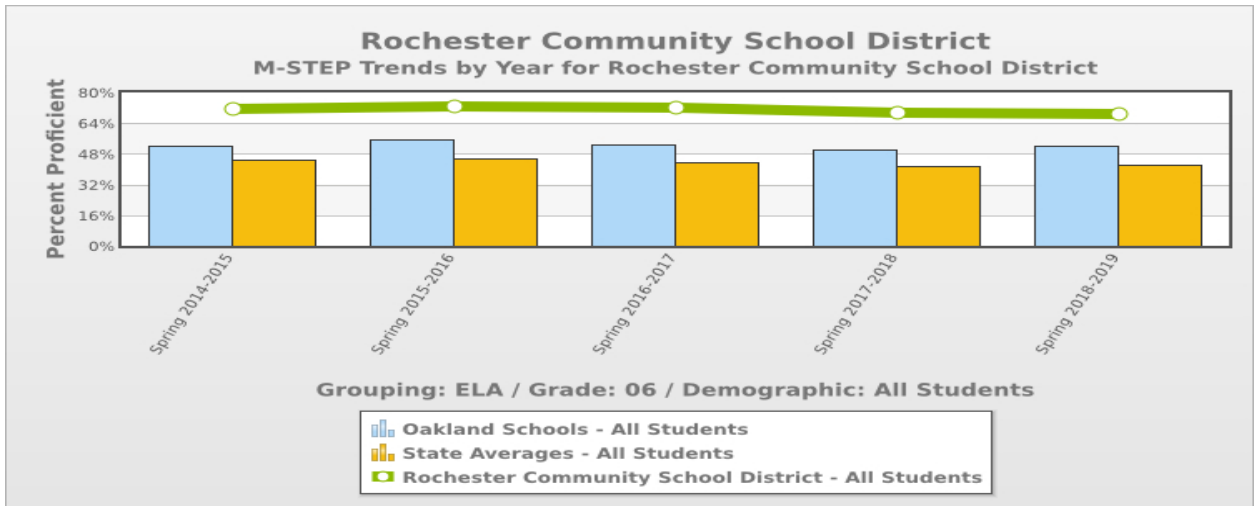
In 18-19 grade 05 ELA Total Proficiency for All Students was 17.7 percentage points higher than the Oakland Schools and 27.3 percentage points higher than the State Average



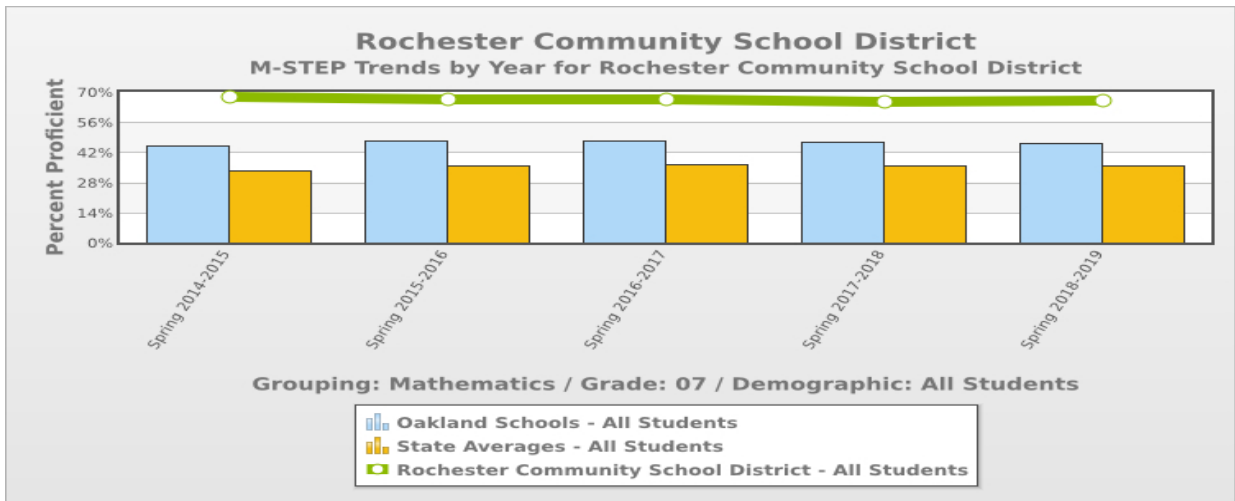
In 18-19 the grade 05 Social Studies Total Proficiency for All Students was **12.6** percentage points higher than the Oakland Schools and **18.8** percentage points higher than the State Average.



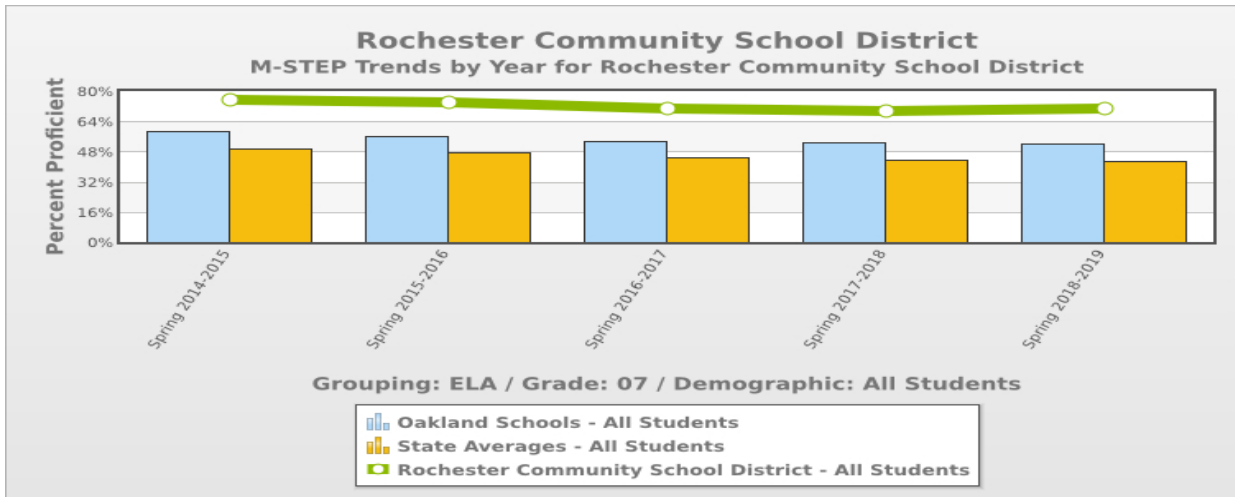
In 18-19 grade 06 Mathematics Total Proficiency for All Students was 17.8 percentage points higher than the Oakland Schools and 30.1 percentage points higher than the State Average.



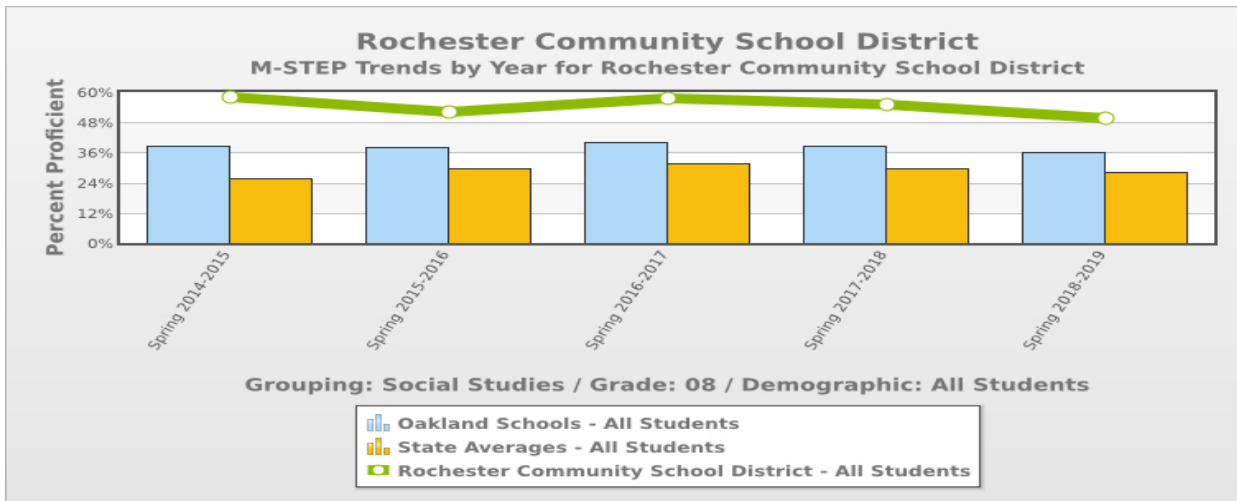
In 18-19 the grade 06 ELA Total Proficiency for All Students was **16.7** percentage points higher than the Oakland Schools and **27.1** percentage points higher than the State Average.



The grade 07 Mathematics Total Proficiency for All Students was **19.8** percentage points higher than the Oakland Schools and **30** percentage points higher than the State Average.

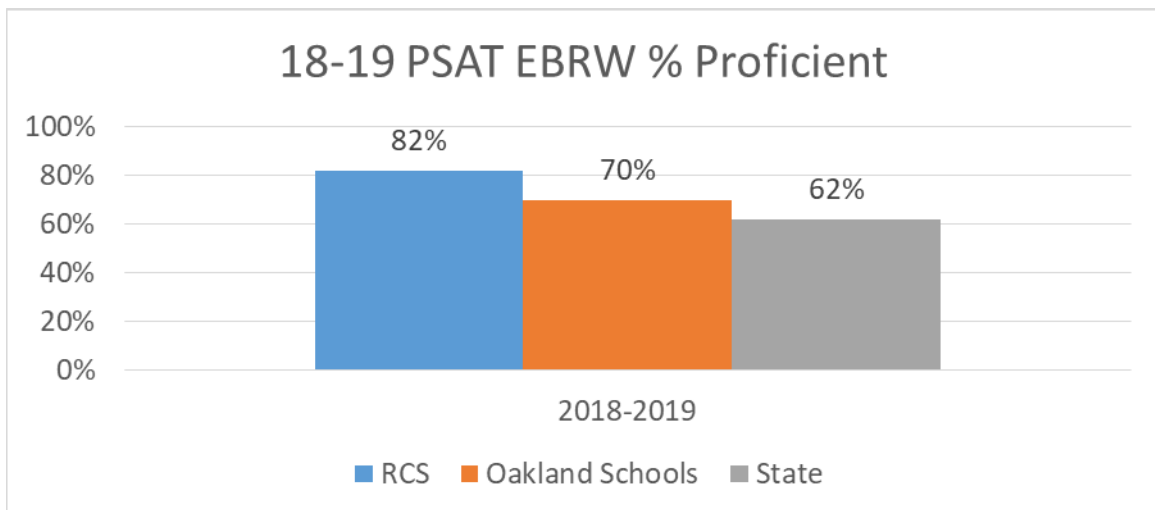


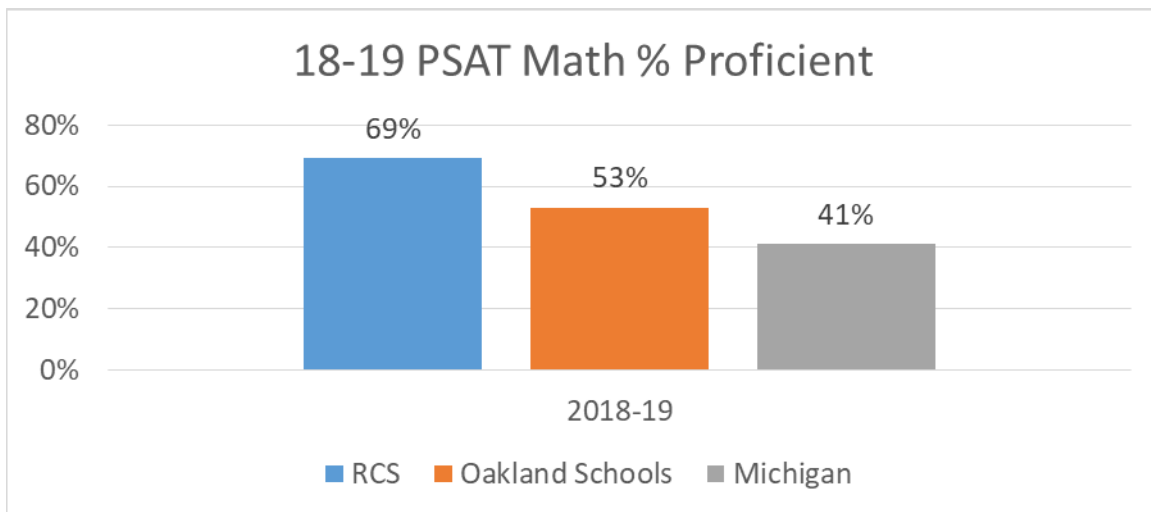
In 18-19 the grade 07 ELA Total Proficiency for All Students was **19** percentage points higher than the Oakland Schools and **27.9** percentage points higher than the State Average.



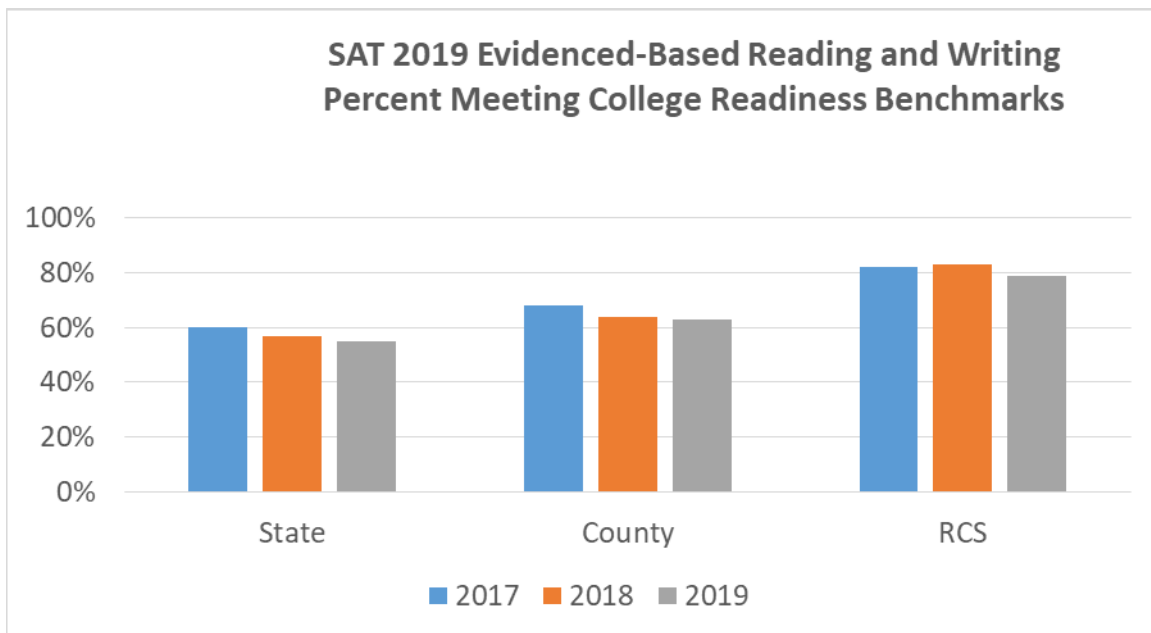
In 18-19 the grade 08 Social Studies Total Proficiency for All Students was **13.8** percentage points higher than the Oakland Schools and **21.7** percentage points higher than the State Average.

The 2018-19 school year was the first year students took the PSAT in 8th grade as part of state's assessment system. Students participated in an Evidence-Based Reading and Writing (EBRW) portion and a Math portion. Assessment results are illustrated as follows:





SAT 11th grade test results show that Rochester students outperform both at the county and state levels on evidenced-based reading and writing college readiness benchmarks.



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.

AFSME – American Federation of State, County, and Municipal Employees

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.

BCBSM – Blue Cross Blue Shield of Michigan

Blended Count – The calculation of student membership is based on a blend of both spring and fall student count (membership) data. The blend is based on the prior school year's spring count, and the current school year's fall count. Spring counts occur on the 2nd Wednesday in February and represent 10% of state funding. Fall counts occur on the 1st Wednesday in October and represent 90% of state funding.

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.

CEPI – Center for Educational Performance and Information

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.

ELA – English Language Arts

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.

Internal Service Funds - Funds used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

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.

MEA – Michigan Education Association

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.

MPSERS – Michigan Public School Employee Retirement System

NEA – National Education Association

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.

OPEB – Other Post Employment Benefits

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.

ORS – Office of Retirement Services

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.

RCS – Rochester Community Schools

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.

SAF – School Aid Fund

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-Insurance – 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.

SEV – State Equalized Value

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.