

ROCHESTER COMMUNITY SCHOOLS

Annual Budget For the Fiscal Year Ended June 30, 2020



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

Proposed 2019-20 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



Barb Anness, Secretary

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



Michelle Bueltel, Trustee

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



Andrea Walker-Leidy, Trustee

Andrea earned a Bachelor of Science degree in English from Rochester College. Andrea currently works as the Development Direct for the Meadow Brook Theatre and as a Public Relations Consultant with Walker Publicity Consulting.
Term 2024



Sandra Fiaschetti, Trustee

Sandy earned a Bachelor of Arts degree in Psychology from the University of Michigan-Dearborn and a Master of Arts degree and Ph.D. in Industrial/Organizational Psychology from Wayne State University. As co-founder of Magnet Consulting, Sandy partners with organizations to increase employee engagement and effectiveness. Sandy is a long-time resident of Rochester Hills.
Term 2022

Executive Administration

Superintendent
Robert Shaner, Ph.D.

Deputy Superintendent for Instruction
Debi Fragomeni

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

Chief Human Resource Director
Elizabeth A. Davis

Assistant Superintendent for Secondary Education
Carrie Lawler

Executive Director of Communications
Lori Grein

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 24, 2019

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

This document contains the fiscal year 2019-20 recommended budgets for adoption and a revised budget for fiscal year 2018-19. 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 Service Fund
- Capital Projects Funds
- Special Service 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 2019-20:

2019-20 Budget Calendar				
Superintendent & Deputy Supt. For Business	Supt. Cabinet	Supt. Business & Operations Advisory Committee	Board of Education	
			Review	Adoption
March 4, 2019	March 12, 2019	May 20, 2019	May 20, 2019	June 24, 2019
	March 19, 2019		*June TBD	Amendment November 2019
				Amendment February 2020
				Amendment June 2020
Adopt 2020-21 Budget at June 2020 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 2019-20 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 recent 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.

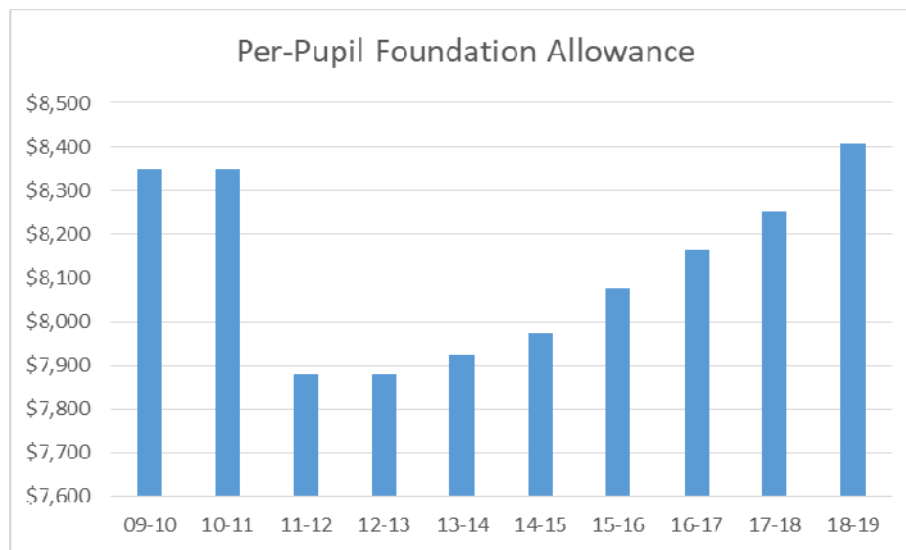
Clear, timely, honest, transparent, and accessible communication engages every stakeholder in building a culture of trust through action. The RCS *Talk to Us* online portal is available to provide families with timely response to concerns and questions. RCS is maximizing efficiency and effectiveness 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 2019-20 adopted budget reflects the Board's commitment to its mission and objectives.

Summary of Revenues – All Funds

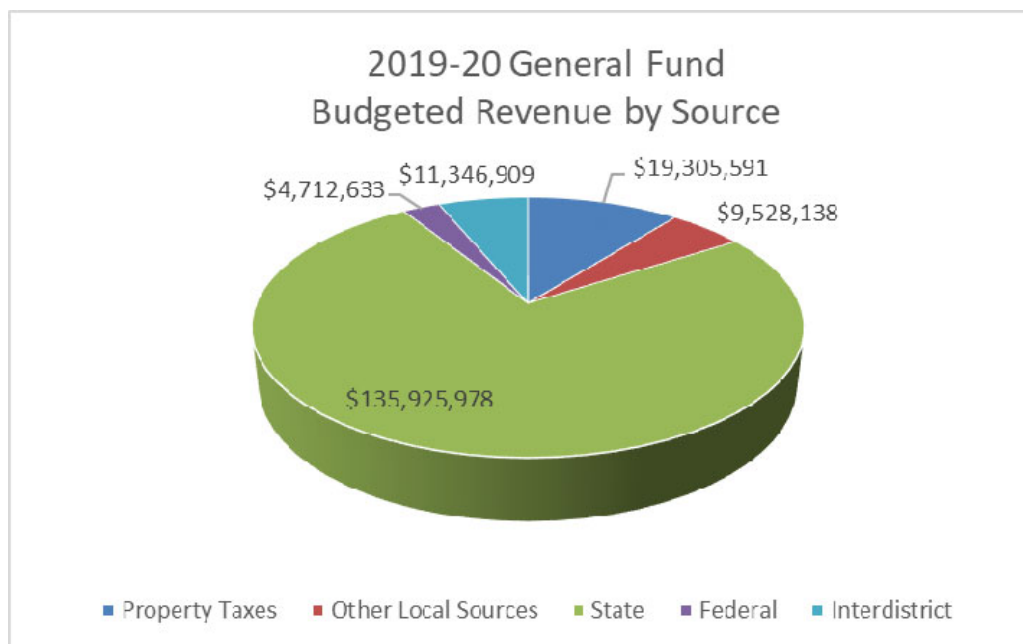
General Fund

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. Each year for the past eight years, the State has allocated to each district the amount of foundation allowance to be distributed for the following year. This year, the State legislature failed to agree on the amount to be distributed before school districts were required to adopt a budget for the following year. Therefore, the district's budget for 2019-20 state aid is based on the 2018-19 per-pupil foundation allowance of \$8,409 plus an estimated increase of \$50 per pupil. The district anticipates that the State will establish the foundation allowance for each district by September 2019 with the adoption of the State School Aid Fund budget. The district's General Fund will be amended in November 2019 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:



General Fund 2018-19 budgeted revenue by source is illustrated as follows:

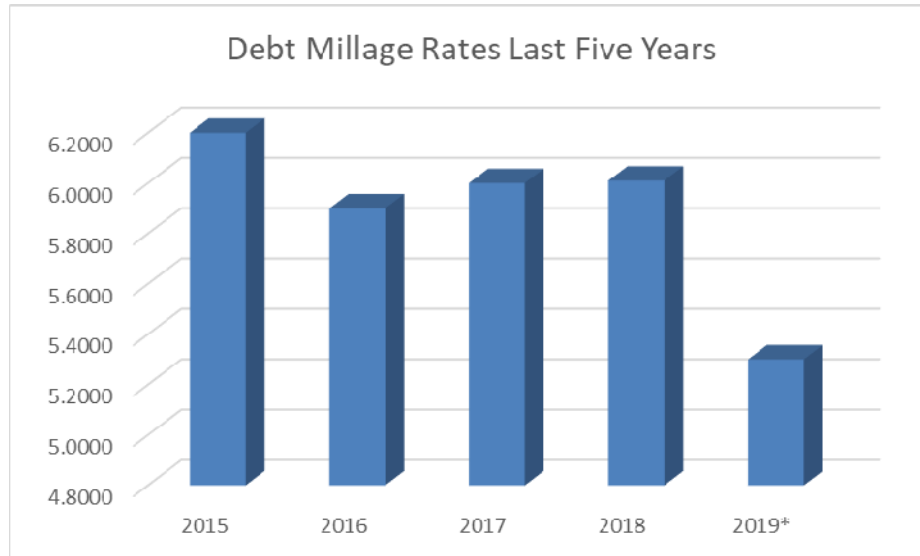


Capital Projects Funds

The Capital Projects Fund includes School Building and Site Bonds issued in February 2016 and March 2019. The bond proceeds will fund construction projects through 2022. Construction projects include the addition of security vestibules, replacement of heating and cooling equipment, building additions and improvements, site improvements, furniture, buses, technology infrastructure and equipment, and other capital improvements.

Debt Service Fund

Revenues in the Debt Service 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 5.3 mills to service bonded debt. The following chart illustrates debt millage rates over the last five years:



*Estimated

Special Service Funds

The Special Service 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 school service fund. The Student/School Activity Fund generates revenue from fundraisers and staff contributions. None of the School Service Funds are directly supported by the district's General Fund.

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

Governmental Funds

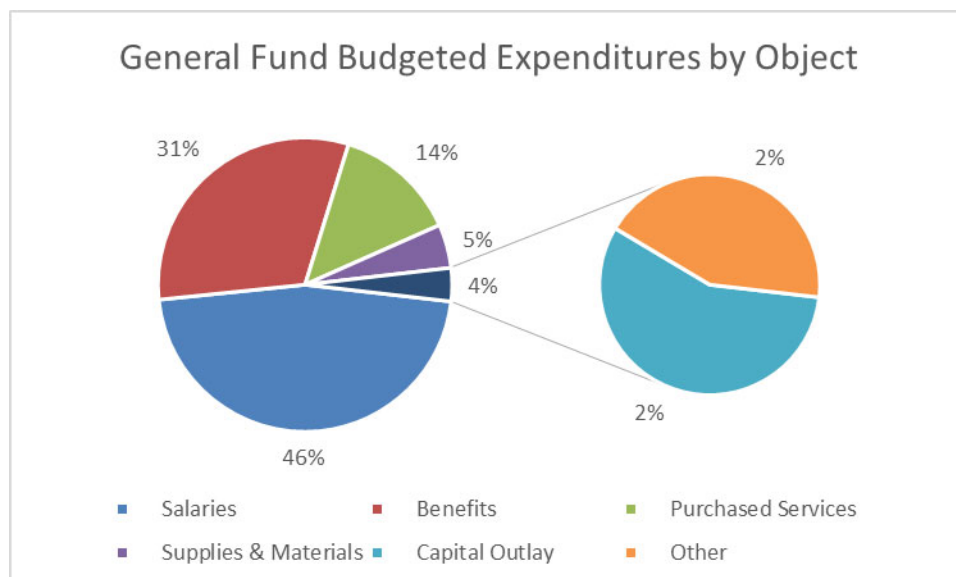
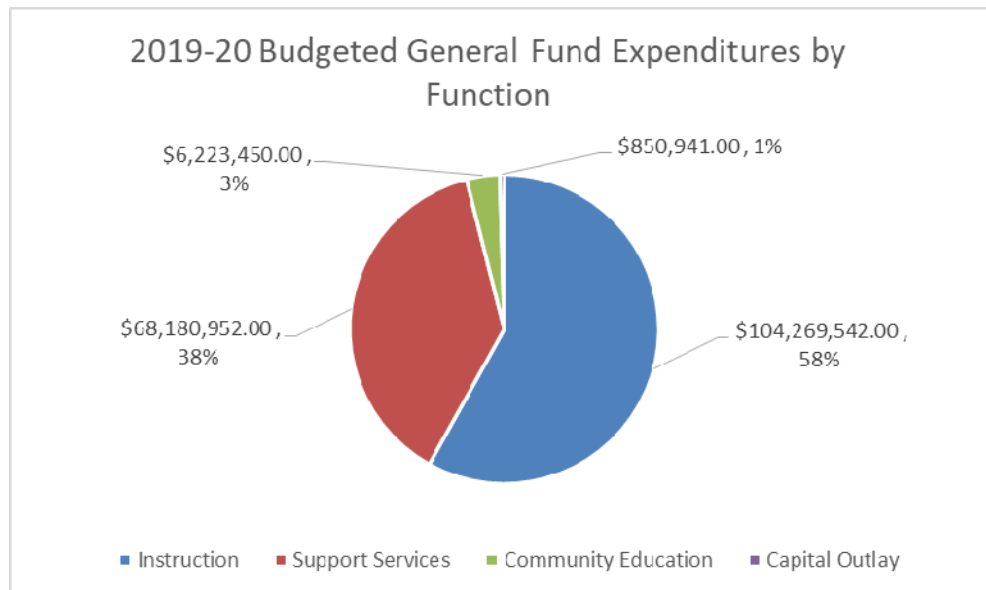
	Budget 2019-20	Final Budget 2018-19	Actual 2017-18
Local sources			
Property tax levy	\$ 19,305,591	\$ 18,952,720	\$ 17,349,319
Earnings on investments	100,000	100,000	929
Tuition from patrons	361,630	361,630	382,897
Rentals	625,000	625,000	705,007
Contributions and grants	47,900	47,900	54,079
Medicaid	1,174,543	1,174,543	994,691
Athletics gate receipts	349,625	349,625	663,283
Other local revenue	<u>6,869,440</u>	<u>6,869,440</u>	<u>6,287,957</u>
Total revenues from local sources	28,833,729	28,480,858	26,438,162
State sources			
Grants - unrestricted			
State school aid	108,731,210	108,128,233	106,099,008
Grants - restricted			
Special education	9,797,857	9,797,857	8,533,083
At risk	1,377,281	1,377,281	1,018,273
Vocational education	176,499	176,499	177,132
Early childhood education	517,047	517,047	328,924
MPSERS Cost Offset	2,158,283	2,158,283	3,651,974
MPSERS UAAL	10,762,945	10,762,945	10,112,039
Other	<u>2,404,856</u>	<u>2,404,856</u>	<u>1,193,258</u>
Total revenues from state sources	135,925,978	135,323,001	131,113,691
Federal sources			
Grants - restricted			
Special education - I.D.E.A.	3,372,318	3,372,318	3,154,420
Title I	358,772	358,772	403,826
Medicaid Outreach	37,462	37,462	21,089
Title II A	473,846	473,846	161,587
Title III	264,151	264,151	200,030
Adult education	<u>206,084</u>	<u>206,084</u>	<u>150,458</u>
Total revenues from federal sources	4,712,633	4,712,633	4,091,410
Interdistrict sources			
County sources	<u>11,346,909</u>	<u>11,346,909</u>	<u>11,677,699</u>
Total county sources	<u>11,346,909</u>	<u>11,346,909</u>	<u>11,677,699</u>
Other financing sources			
Sale of assets	37,327	37,327	6,349
Issuance of Long Term Debt	-	-	-
Interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>
Total other sources	<u>37,327</u>	<u>37,327</u>	<u>6,349</u>
Total revenues and Other financing sources	\$ <u>180,856,576</u>	\$ <u>179,900,728</u>	\$ <u>173,327,311</u>

Summary of Expenditures – All Funds

General Fund

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

The following graphs illustrate 2019-20 General Fund budgeted expenditures by function and object:

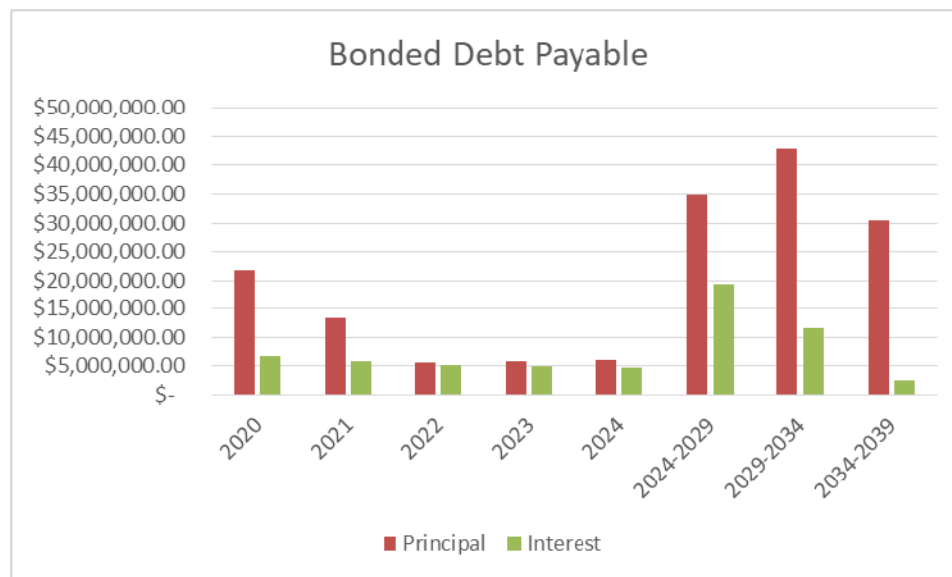


Debt Service Fund

The five outstanding bond issues at June 30, 2019 are as follows:

\$26,980,000 2012 Refunding Bonds due in annual installments ranging from \$430,000 to \$4,625,000 through May 2020; interest from 3.00% to 4.50%.	\$ 4,275,000
\$11,435,000 2015 Refunding Bonds due in annual installments ranging from \$900,000 to \$7,785,000 through May 2020; interest rate is 5.00%.	950,000
\$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%.	99,575,000
\$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>56,025,000</u>
Total Bonds Payable	<u>\$160,825,000</u>

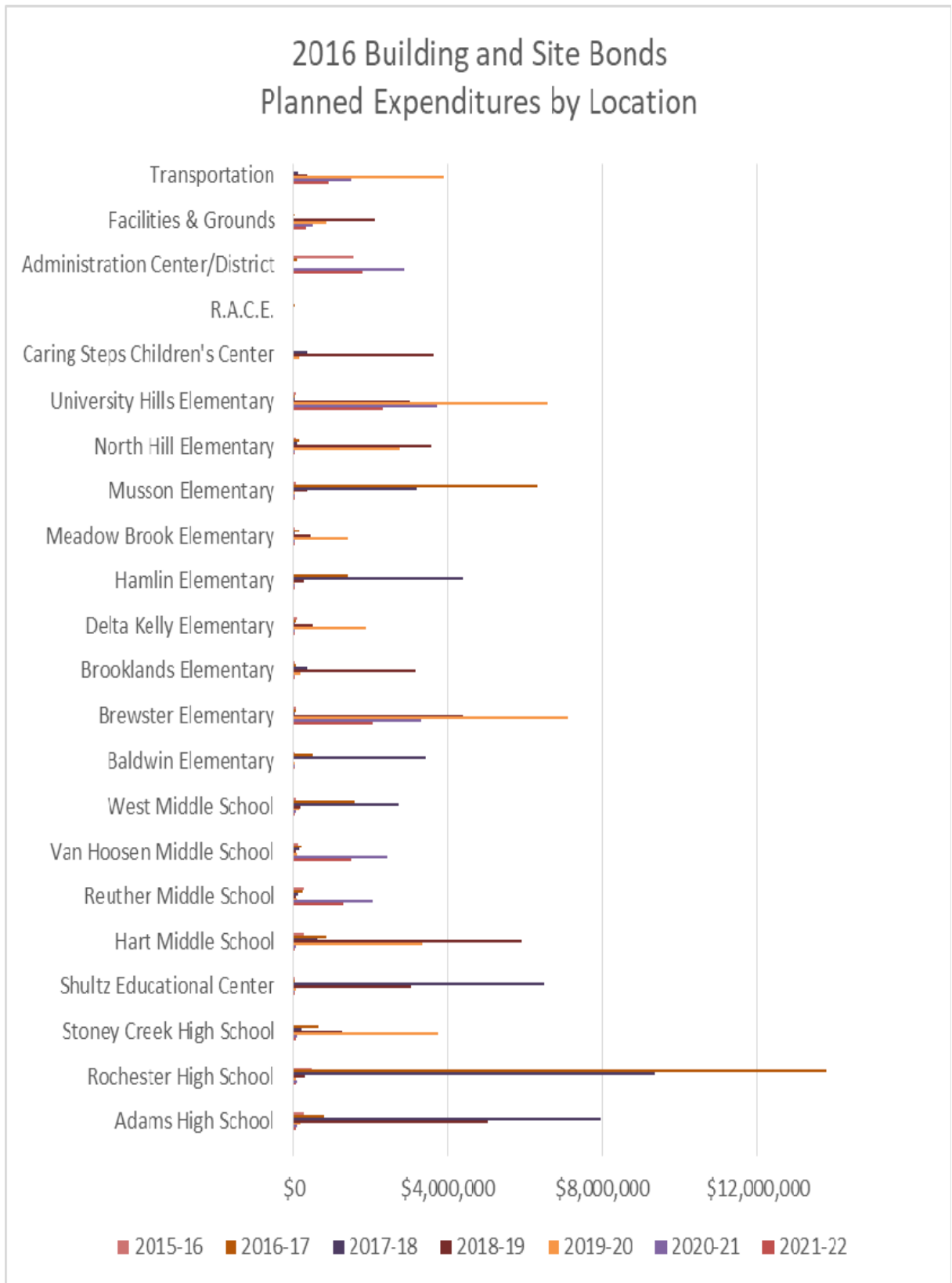
The following table illustrates future principal and interest payments to maturity:



Capital Projects Funds

Expenditures in 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.

The following graph illustrates the planned expenditures over the life of the project:



Special Service 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>	2019-20	2018-19	2017-18
	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General Fund			
Salaries	\$ 83,596,976	\$ 83,637,107	\$ 85,861,412
Benefits	56,444,270	54,309,817	51,718,340
Purchased Services	24,364,284	24,327,714	21,250,792
Supplies & Materials	8,647,605	8,432,578	6,468,830
Capital Outlay	3,727,665	5,143,877	3,251,444
Other	<u>2,843,159</u>	<u>3,062,064</u>	<u>2,428,816</u>
Total General Fund	179,623,959	178,913,157	170,979,633
Debt Retirement Fund			
Principal Payments	21,820,000	21,970,000	21,160,000
Interest & Other Fees	<u>6,844,392</u>	<u>6,220,000</u>	<u>7,174,691</u>
Total Debt Fund	28,664,392	28,190,000	28,334,691
Capital Projects Fund			
Capital Projects	<u>33,407,139</u>	<u>45,662,353</u>	<u>44,248,011</u>
Total Capital Projects	33,407,139	45,662,353	44,248,011
Special Services Funds			
Salaries	114,712	60,667	-
Purchased Services	2,792,040	2,424,577	1,521,860
Supplies & Materials	1,708,062	1,714,273	1,398,369
Capital Outlay	514,416	524,704	266,898
Fringe Benefits	58,298	30,246	-
Other	<u>1,335,139</u>	<u>6,858</u>	<u>6,622</u>
Total School Service	<u>6,522,667</u>	<u>4,761,325</u>	<u>3,193,749</u>
Total All Funds	<u>\$ 248,218,157</u>	<u>\$ 257,526,835</u>	<u>\$ 246,756,084</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 service 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

	2019-20 Budget	2018-19 Final Budget	2017-18 Actual
Fund Balances			
General Fund	\$ 33,469,356	\$ 32,237,664	\$ 31,250,093
Debt Service	3,533,162	3,564,558	2,250,558
Capital Projects	27,404,345	59,774,484	48,057,315
School Service	2,865,585	1,502,088	1,993,990
	<u>\$ 67,272,448</u>	<u>\$ 97,078,794</u>	<u>\$ 83,551,956</u>

Significant Trends

Enrollment continues to be the most significant trend that impacts the district. Overall, statewide enrollment has decreased, however, the most recent enrollment projection indicates slight increases over the next five years.

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

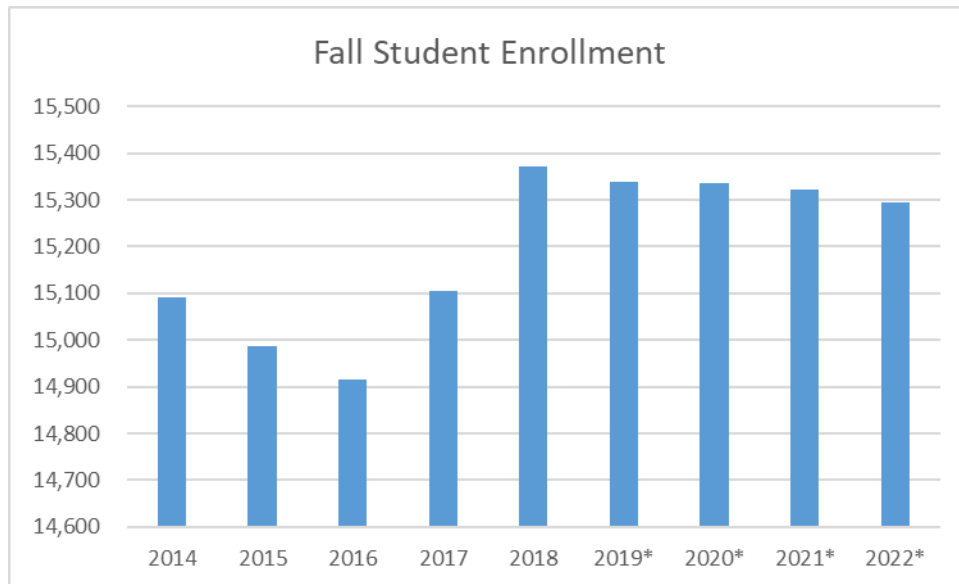
Three-year budget forecasts for all governmental funds are summarized as follows:

		Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
<u>General Fund</u>					
Revenue	\$	185,095,479	183,681,679	182,269,715	180,856,576
Expenditures		184,083,037	182,541,071	181,076,378	179,624,884
Change in fund balance		1,012,442	1,140,608	1,193,337	1,231,692
Fund balance - July 1		35,803,301	34,662,693	33,469,356	32,237,664
Fund balance - June 30	\$	<u>36,815,743</u>	<u>\$ 35,803,301</u>	<u>\$ 34,662,693</u>	<u>\$ 33,469,356</u>
<u>Debt Retirement Fund</u>					
Revenue	\$	10,739,248	10,750,008	19,175,375	28,632,996
Expenditures		10,788,519	10,799,269	19,216,219	28,664,392
Change in fund balance		(49,271)	(49,261)	(40,844)	(31,396)
Fund balance - July 1		3,443,057	3,492,318	3,533,162	3,564,558
Fund balance - June 30	\$	<u>3,393,786</u>	<u>\$ 3,443,057</u>	<u>\$ 3,492,318</u>	<u>\$ 3,533,162</u>
<u>Capital Projects Fund</u>					
Revenue	\$	-	52,417	137,022	1,037,000
Expenditures		-	10,535,870	17,057,914	33,407,139
Change in fund balance		-	(10,483,453)	(16,920,892)	(32,370,139)
Fund balance - July 1		-	10,483,453	27,404,345	59,774,484
Fund balance - June 30	\$	<u>-</u>	<u>\$ -</u>	<u>\$ 10,483,453</u>	<u>\$ 27,404,345</u>
<u>School Service Funds</u>					
Revenue	\$	6,945,343	6,778,403	6,616,307	7,886,164
Expenditures		6,936,820	6,703,468	7,001,363	6,522,667
Change in fund balance		8,523	74,935	(385,056)	1,363,497
Fund balance - July 1		2,555,464	2,480,529	2,865,585	1,502,088
Fund balance - June 30	\$	<u>2,563,987</u>	<u>\$ 2,555,464</u>	<u>\$ 2,480,529</u>	<u>\$ 2,865,585</u>

Student Enrollment

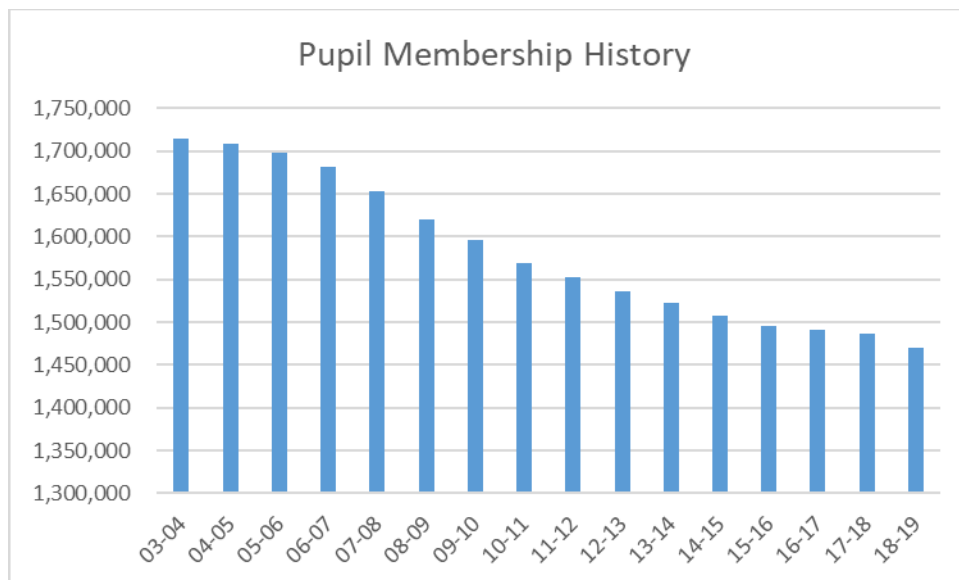
The district expects enrollment to remain flat for the 2019-20 school year. Rochester Community Schools is a Michigan public school district geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

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 & Rates

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

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

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

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

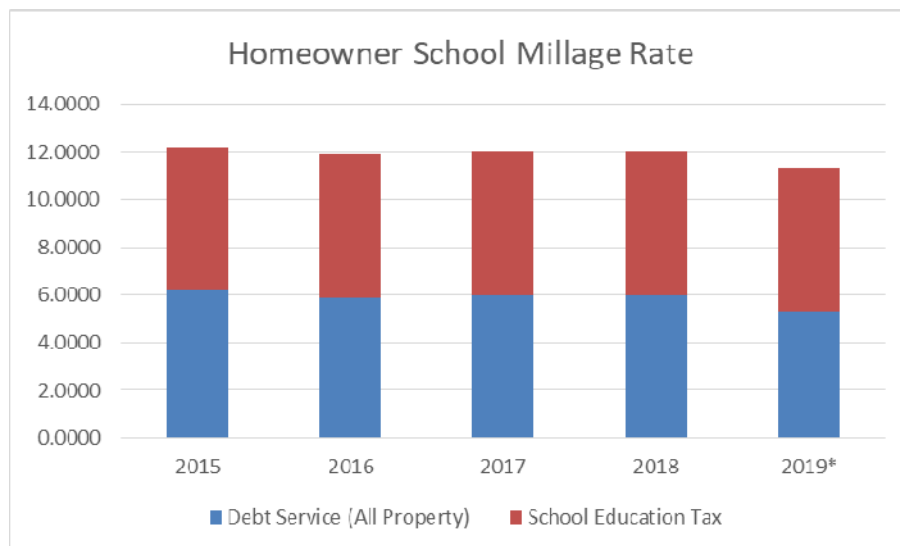
The district's 10-year operating renewal was approved by the voters of the community in May of 2014. The current authorized millage is 18.8701 mills, which provides a cushion in the event that the Headlee Amendment is triggered by economic conditions. The operating millage authorization expires with the summer 2024 levy.

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

School Year	Local Tax Base		Operating (Non-Homestead Property)	Debt Service (All Property)	Total Millage
	Assessed Value (All Property)	Assessed Value (Non-Homestead Property)			
2015	4,322,675,211	855,081,162	18.0000	6.2000	24.2000
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

* Estimated

The current homeowner millage rate totals 11.30 mills which includes a state education tax of 6 mills and a debt levy of 5.30 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:

Full-Time Equivalent (FTE)

Position	Actual*			
	2015-16	2016-17	2017-18	2018-19
Teachers	890	893	901	902
Administrators	31	32	32	33
Secretaries	92	90	90	92
Maintenance/Grounds/Technicians	39	42	42	37
Paraprofessionals	280	274	274	272
Executive Staff/Directors	9	10	10	11
Total FTE	1,341	1,341	1,349	1,347

Full-Time Equivalent (FTE)

Position	Projected**			
	2019-20	2020-21	2021-22	2022-23
Teachers	902	902	902	902
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	1,347	1,347	1,347

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 5.30 mills for debt retirement.

The following is a summary of bonded debt transactions for the year ended June 30, 2019:

Balance July 1, 2018	\$ 147,930,000
Additions	56,025,000
Retirements and Payme	21,160,000
Balance June 30, 2019	<u>\$ 182,795,000</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.

Conclusion

The proposed balanced budget is based upon estimated available resources. We thank the members of the Board of Education for their continued guidance and support. Copies of this document are available for public distribution upon request and are available through the transparency link on the district's web site at www.rochesterschools.k12.mi.us.

Respectfully Submitted,

Robert Shaner

Robert Shaner, Ph.D.
Superintendent

Dana J. Taylor

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



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 2018-19.

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



A handwritten signature in black ink, reading 'Thomas E. Wohlleber'.

Thomas E. Wohlleber, CSR
President

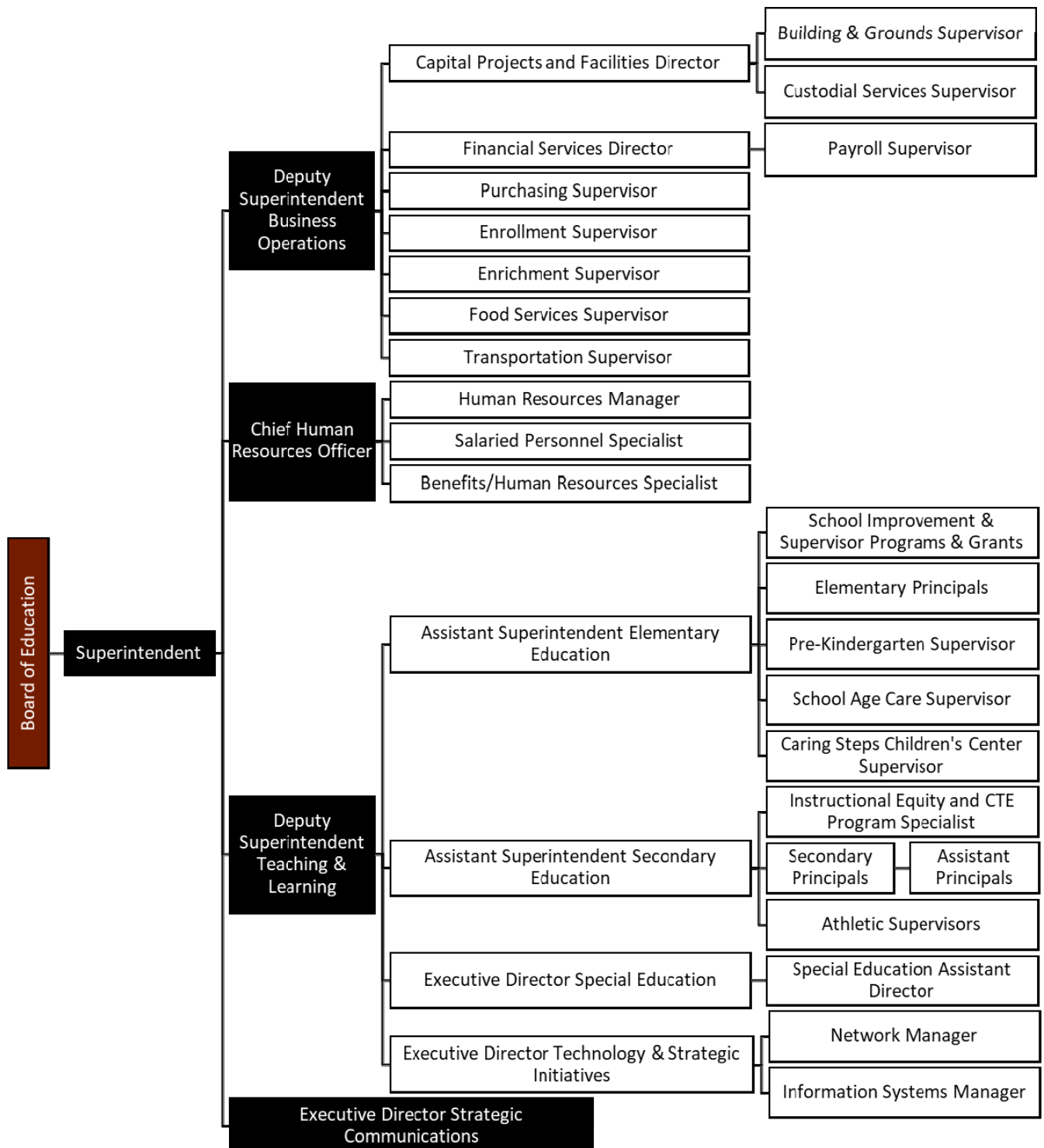
A handwritten signature in black ink, reading 'Siobhan McMahon'.

Siobhan McMahon, CAE
Chief Operating Officer

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. 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, 2018 are as follows:

Name	Position	Term
Kristin Bull	President	2020
Kevin Beers	Vice President	2022
Michael Zabat	Tresurer	2020
Barb Anness	Secretary	2024
Michelle Bueltel	Trustee	2024
Andrea Walker-Leidy	Trustee	2024
Sandra Fiaschetti	Trustee	2022

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 2018 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 2018 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	6,454
Middle Schools:	
6th Grade	1,159
7th Grade	1,156
8th Grade	1,202
Total	3,517
High Schools:	
9th Grade	1,218
10th Grade	1,219
11th Grade	1,232
12th Grade	1,302
Total	4,971
Special Education	437
Grand Total	<u>15,379</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 2023.

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.

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:

1. Teaching and Learning
2. Leadership and Learning
3. Professional Learning Culture
4. 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 Service Fund – The Debt Service 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. They 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		
	2019-20	2018-19	2017-18	2016-17	2015-16
Unassigned Fund Balance	33,469,356	32,237,664	31,250,093	28,902,413	22,461,046
Expenditures & Transfers	179,524,884	178,588,157	170,976,720	162,921,534	160,079,350
% Unassigned	18.64%	18.05%	18.28%	17.74%	14.03%

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 Service, 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 2018-19 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

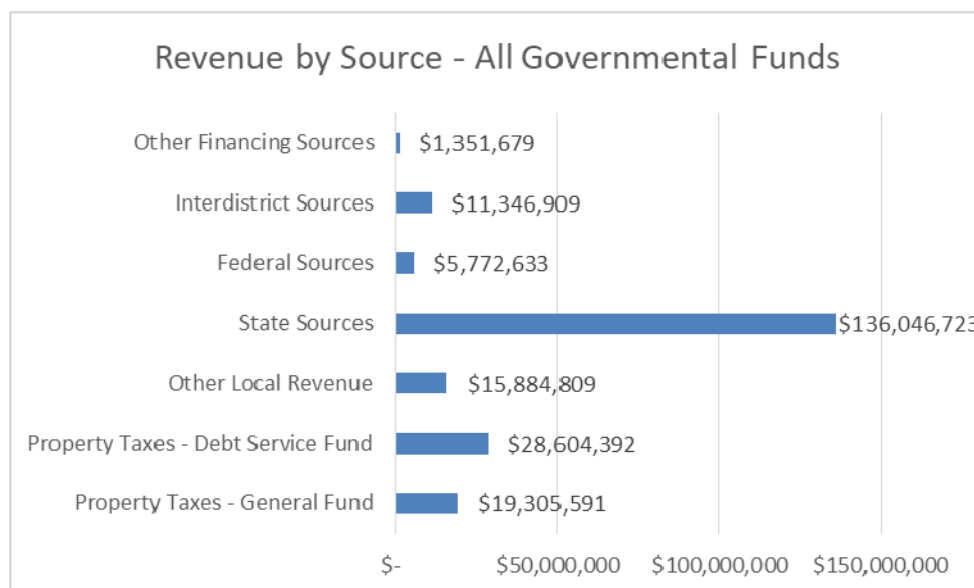
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$33 million in 2018-19, or approximately 25% 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 \$17.6 and \$19.3 million in 2017-18 and 2018-19 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 2019-20 budgeted revenue by source for all funds:



Functional Classifications of Expenditures

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

The expenditure functions and corresponding definitions are as follows:

- **Instruction** – Activities that deal directly with the teaching of pupils or the interaction between teachers and students, whether in a classroom or in another location such as a home or hospital. Instruction may also be provided through some other approved medium such as television, radio, telephone and correspondence. Included are the activities of teachers, substitutes, aides or assistants, who assist in the instructional process.
- **Pupil Services** – Activities that are designed to assess and improve the wellbeing of students and to supplement the teaching process. Included are activities related to promoting school attendance as well as counseling, health, speech and other services.
- **Instructional Staff Services** – Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils. It includes district-wide activities designed to manage, direct, and supervise the instructional program and improve the quality of instruction and curriculum. Library and media costs used to support instruction are also included in this category.
- **General Administration** – Activities concerned with establishing and administering policy for the entire school system. It includes such areas as the Board of Education and the Office of the Superintendent.
- **School Administration** – Activities associated with the overall administrative responsibility for a single school or group of schools including the principal, assistant principal, and other administrative and clerical staff.
- **Business Services** – These activities include business functions (accounting, budgeting, purchasing and payroll).
- **Operations and Maintenance** – Activities associated with keeping the physical plant open, comfortable, and safe for use, and keeping grounds, buildings, and equipment in good working condition.
- **Transportation** – The cost of providing management and operation of regular bus routes used to transport students to and from school.
-

- **Central Services** – Activities other than district administration that support each of the other instructional and supporting services programs. Communications, personnel and technology are included in this function.
- **Community Services** – Activities concerned with providing community services to students, staff or other community participants.

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

General Fund Per Pupil Expenditures			
	Budget 2019-20	Final Budget 2018-19	Actual 2017-18
Basic Instruction	\$ 6,770	\$ 6,727	\$ 6,630
Pupil	979	976	973
Instructional Staff	552	555	480
General Administration	99	93	74
School Administration	572	572	564
Business Services	155	149	126
Operations & Maintenance	954	950	917
Transportation	507	501	483
Central Services	427	427	496
Other Support	182	182	173
Community Education	215	215	192
Debt Service & Capital Outlay	245	266	218
	<u>\$ 11,657</u>	<u>\$ 11,613</u>	<u>\$ 11,326</u>

Key Expenditures:

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

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

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 \$12.9 million for the year ended June 30, 2019.

The Michigan Public School Employees' Retirement System (MPSERS) 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 MPSERS 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 MPSERS under all pension plans for the year ended June 30, 2019 totaled \$41.7 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 69% of all the expenditures within the governmental funds of the school district compared to 72% in the prior year. This variance is a result of the 2016 bond issue and related capital projects spending. As of June 30, 2018, expenditures totaled an estimated \$252 million for all district programs. The ending fund balance for all funds totaled \$78 million of which \$2.5 million was reserved for debt retirement.

	Expenditures (in millions)			
	June 30, 2019 (Estimated)	% of Total	June 30, 2018 (Actual)	% of Total
General Fund	\$ 178,588,157	69%	\$ 170,976,720	69%
Debt Retirement Fund	28,190,000	11%	28,334,691	11%
Capital Projects Fund	45,662,353	18%	44,248,011	18%
School Service Funds	4,761,325	2%	3,193,749	2%
Total	<u>\$ 257,201,835</u>	<u>100%</u>	<u>\$ 246,753,171</u>	<u>100%</u>

	Fund Balances (in millions)			
	June 30, 2019 (Estimated)	% of Total	June 30, 2018 (Actual)	% of Total
General Fund	\$ 32,237,664	33%	\$ 31,250,093	37%
Debt Retirement Fund	3,564,558	4%	2,250,558	3%
Capital Projects Fund	59,774,484	62%	48,057,315	58%
School Service Funds	1,502,088	2%	1,993,990	2%
Total	<u>\$ 97,078,794</u>	<u>101%</u>	<u>\$ 83,551,956</u>	<u>100%</u>

Capital Projects

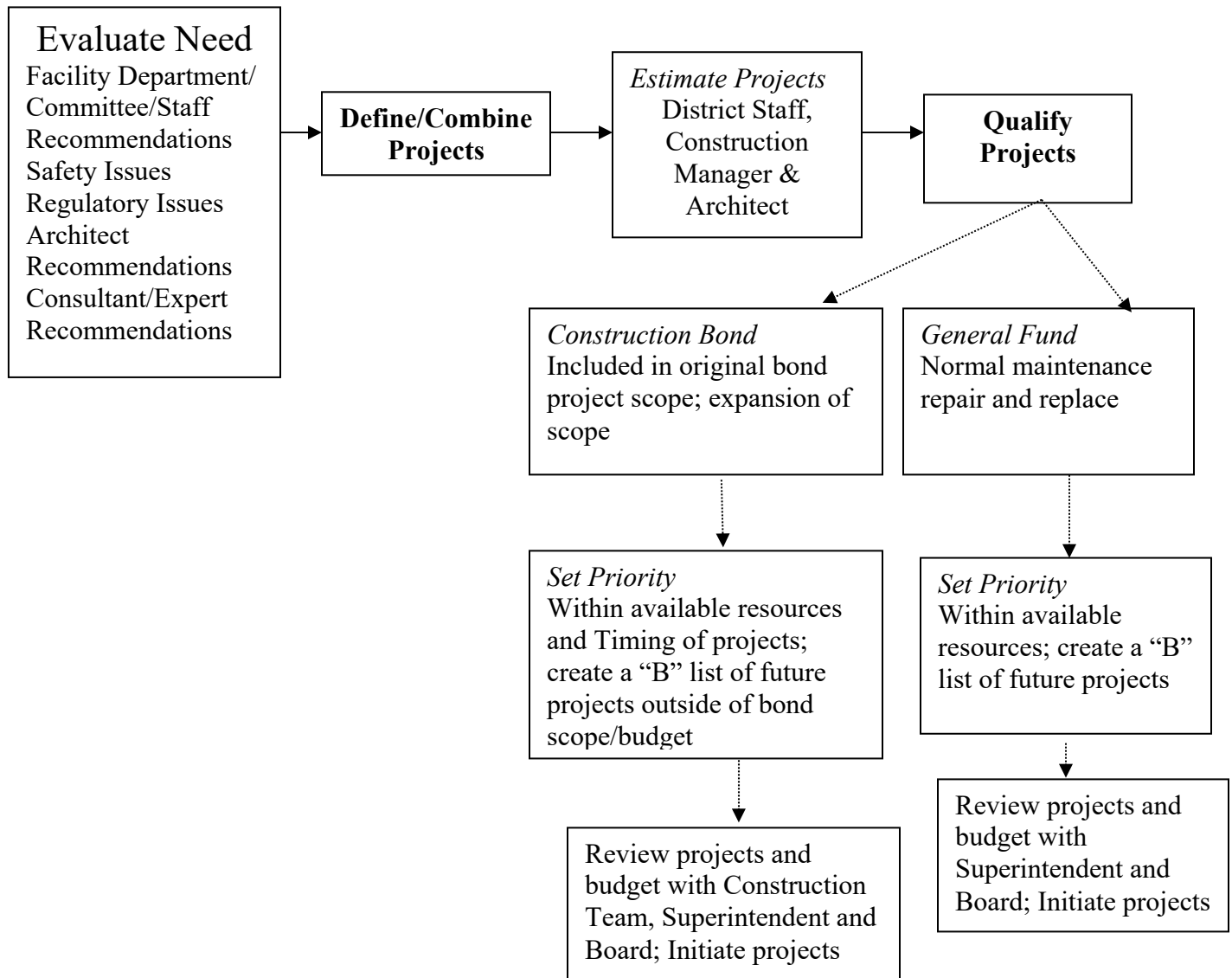
The district's Capital Projects Fund is used to account for the proceeds of the 2016 Building and Site bond issue, which includes repair and replacement of buildings and equipment, site improvement, building additions and buses.

The following table illustrates the planned Capital Projects Fund expenditures by category for 2019-20:

<u>Project</u>	<u>Budget</u>
Buildings & Additions	\$ 23,923,455
Furniture & Equipment	4,754,031
Site Improvements	1,293,025
Other	3,436,628
	<u>\$ 33,407,139</u>

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

Budget Development Flowchart



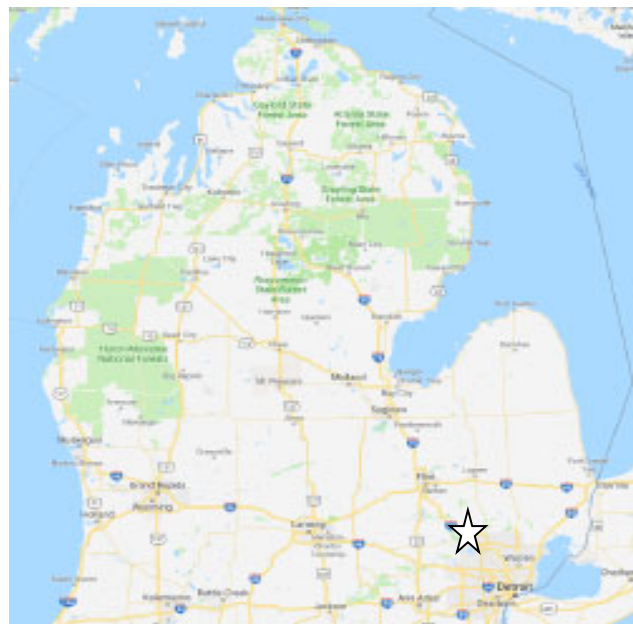
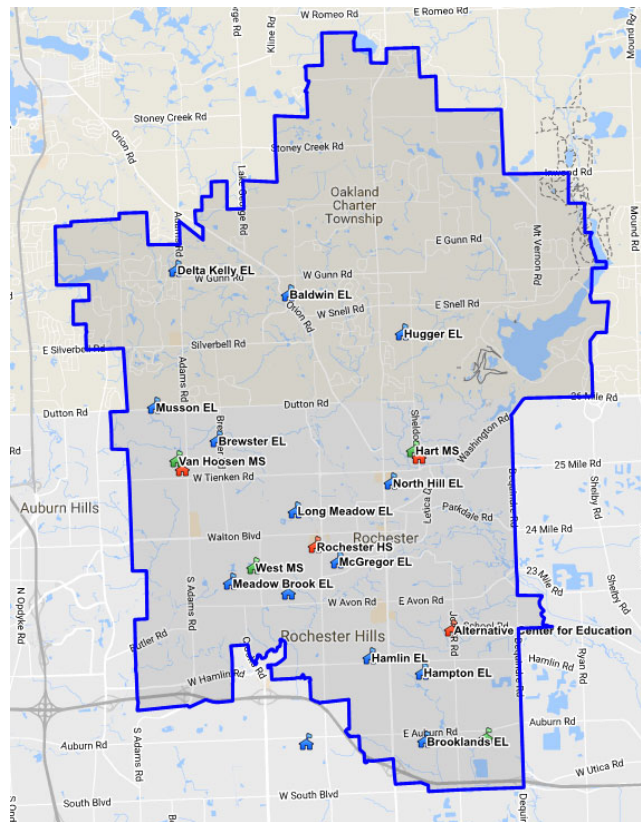
Other Sustaining Local Revenue Sources

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



2019-20 Summary Budget – All Governmental Fund Types

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2019-20

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
Revenues:					
Local	\$ 28,833,729	\$ 28,632,996	\$ 1,037,000	\$ 5,291,067	\$ 63,794,792
Interdistrict Sources	11,346,909	-	-	-	11,346,909
State	135,925,978	-	-	120,745	136,046,723
Federal	4,712,633	-	-	1,060,000	5,772,633
Total Revenues	180,819,249	28,632,996	1,037,000	6,471,812	216,961,057
Expenditures:					
Instruction					
Basic Programs	82,728,215	-	-	-	82,728,215
Added Needs	21,303,649	-	-	-	21,303,649
Adult and Continuing Ed	237,678	-	-	-	237,678
Support Services					
Pupil	15,079,479	-	-	-	15,079,479
Instructional Staff	8,495,279	-	-	-	8,495,279
General Administration	1,525,291	-	-	-	1,525,291
School Administration	8,810,497	-	-	-	8,810,497
Business Services	2,388,958	-	-	-	2,388,958
Operations & Maintenance	14,690,971	-	-	-	14,690,971
Transportation	7,809,681	-	-	-	7,809,681
Central Services	6,580,977	-	-	-	6,580,977
Community Education	2,799,819	-	-	-	2,799,819
Other Supporting Services	3,306,384	-	-	6,008,251	9,314,635
Building Improvement	2,880,724	-	-	-	2,880,724
Capital Projects					
Capital Outlay & Other Costs	850,941	-	33,407,139	514,416	34,772,496
Debt Service					
Principal	-	21,820,000	-	-	21,820,000
Capital Leases	36,341	-	-	-	36,341
Interest and Fiscal Charges	-	6,784,392	-	-	6,784,392
Other Costs	-	60,000	-	-	60,000
Total Expenditures	179,524,884	28,664,392	33,407,139	6,522,667	248,119,082
Excess (deficiency) of Revenues Over (Under) Expenditures	1,294,365	(31,396)	(32,370,139)	(50,855)	(31,158,025)
Other Financing Sources					
Transfers, notes, sale of assets	(62,673)	-	-	1,414,352	1,351,679
Total Other Financing Sources	(62,673)	-	-	1,414,352	1,351,679
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	1,231,692	(31,396)	(32,370,139)	1,363,497	(29,806,346)
Fund Equity:					
July 1,	32,237,664	3,564,558	59,774,484	1,502,088	97,078,794
June 30,	\$ 33,469,356	\$ 3,533,162	\$ 27,404,345	\$ 2,865,585	\$ 67,272,448

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 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues:				
Local	\$ 61,294,624	\$ 57,921,010	\$ 56,415,778	\$ 55,518,873
County	11,346,909	11,677,700	11,179,574	11,238,105
State	135,443,746	131,221,883	127,387,852	125,560,941
Federal	5,772,633	5,133,487	5,577,471	5,482,363
Total Revenues	213,857,912	205,954,080	200,560,675	197,800,282
Expenditures:				
Instruction:				
Basic Programs	81,999,459	80,062,156	81,067,239	81,816,478
Added Needs	21,212,965	19,872,549	19,283,739	20,188,369
Adult and Continuing Ed	237,678	140,107	122,980	186,120
Support Services:				
Pupil	15,013,265	14,693,611	14,491,527	15,008,178
Instructional Staff	8,532,680	7,249,562	6,623,223	3,638,985
General Administration	1,432,579	1,113,365	978,210	920,176
School Admin	8,792,562	8,510,330	8,167,452	8,321,738
Business Services	2,291,896	1,906,300	1,668,441	1,887,423
Operations & Maintenance	14,605,978	13,841,590	11,591,193	10,397,265
Transportation	7,709,681	7,297,545	6,749,192	7,077,330
Central Services	6,569,908	7,494,098	6,496,179	4,406,384
Other Supporting Services	2,794,869	2,608,312	2,334,358	2,760,406
Community Education	3,306,739	2,895,409	3,253,758	2,784,158
Building Improvement	2,880,724	2,911,937	4,000	-
Food Service	3,907,173	3,116,701	2,744,727	3,428,241
Book Store	94,972	77,048	57,378	64,183
Early Learning Center	759,180	-	-	-
Student/School Activity	-	-	-	-
Capital Projects				
Capital Outlay	46,833,186	44,591,519	33,612,062	4,807,459
Debt Service				
Principal	21,970,000	21,160,000	18,065,000	23,320,000
Capital Leases	36,342	36,342	40,341	-
Interest and Fiscal Charges	6,140,000	7,101,952	8,959,320	3,607,142
Other	80,000	72,739	44,058	62,548
Total Expenditures	257,201,836	246,753,172	226,354,377	194,682,583
Excess (deficiency) of Revenues Over (Under) Expenditures	(43,343,924)	(40,799,092)	(25,793,702)	3,117,699
Other Financing Sources and (Uses)				
Issuance of Long-term Debt	56,025,000	-	-	108,870,365
Bond Issuance Costs	(595,576)	-	-	(632,611)
Bond Premium	1,401,098	-	-	19,631,645
Interfund Transfers In	327,912	2,912	4,344	50,754
Interfund Transfers Out	(325,000)	(2,912)	(4,344)	(54,754)
Proceeds from Sale of Capital Asset	37,327	6,349	7,306	28,710
Total Other Financing Uses	56,870,761	6,349	7,306	127,894,109
Net Change in Fund Balance	13,526,837	(40,792,743)	(25,786,396)	131,011,808
Fund Balances:				
July 1,	83,551,957	124,344,700	150,131,096	19,119,288
June 30,	\$ 97,078,794	\$ 83,551,957	\$ 124,344,700	\$ 150,131,096

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

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

	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Revenues:				
Local	\$ 46,479,831	\$ 45,997,431	\$ 53,959,664	\$ 63,794,792
County	11,346,909	11,346,909	11,346,909	11,346,909
State	139,143,370	138,108,207	137,081,886	136,046,723
Federal	5,772,633	5,772,633	5,772,633	5,772,633
Total Revenues	202,742,743	201,225,180	208,161,092	216,961,057
Expenditures:				
Instruction:				
Basic Programs	85,341,391	84,428,109	83,557,829	82,728,215
Added Needs	21,976,578	21,741,395	21,517,286	21,303,649
Adult and Continuing Ed	245,186	242,562	240,061	237,678
Support Services:				
Pupil	15,484,817	15,341,112	15,206,178	15,079,479
Instructional Staff	8,829,725	8,762,284	8,698,959	8,495,279
General Administration	1,541,753	1,535,917	1,530,437	1,525,291
School Admin	9,029,778	8,952,036	8,879,039	8,810,497
Business Services	2,412,101	2,403,896	2,396,192	2,388,958
Operations & Maintenance	14,780,362	14,748,670	14,718,912	14,690,971
Transportation	8,005,003	7,939,680	7,874,357	7,809,681
Central Services	6,651,910	6,626,762	6,603,149	6,580,977
Other Supporting Services	2,825,810	2,816,595	2,807,943	2,799,819
Community Education	3,331,936	3,322,877	3,314,371	3,306,384
Building Improvement	2,880,724	2,880,724	2,880,724	2,880,724
Food Service	3,603,497	3,532,841	3,463,570	3,907,173
Book Store	100,784	98,808	96,871	94,972
Early Learning Center	1,794,936	1,676,088	2,085,843	1,192,013
Student/School Activity	1,437,603	1,395,731	1,355,079	1,328,509
Capital Projects				
Capital Outlay	745,963	11,334,322	17,908,855	34,258,081
Debt Service				
Principal	5,800,000	5,575,000	13,365,000	21,820,000
Capital Leases	-	-	-	36,340
Interest and Fiscal Charges	4,928,519	5,164,269	5,791,219	6,784,392
Other	60,000	60,000	60,000	60,000
Total Expenditures	201,808,376	210,579,678	224,351,874	248,119,082
Excess (deficiency) of Revenues Over (Under) Expenditures	934,367	(9,354,498)	(16,190,782)	(31,158,025)
Other Financing Sources and (Uses)				
Interfund Transfers In	-	-	-	1,414,352
Interfund Transfers Out	-	-	-	(100,000)
Proceeds from Sale of Capital Assets	37,327	37,327	37,327	37,327
Total Other Financing Uses	37,327	37,327	37,327	1,351,679
Net Change in Fund Balance	971,694	(9,317,171)	(16,153,455)	(29,806,346)
Fund Balances:				
July 1,	41,801,822	51,118,993	67,272,448	97,078,794
June 30,	\$ 42,773,516	\$ 41,801,822	\$ 51,118,993	\$ 67,272,448

Current Year Budget and Three Prior Years Actual – General Fund

GENERAL FUND BUDGET REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues:				
Local	\$ 28,480,858	\$ 26,438,162	\$ 26,500,048	\$ 25,173,338
State	135,323,001	131,113,691	127,135,419	125,498,718
Federal	4,712,633	4,091,410	4,544,898	4,362,268
Interdistrict Sources	11,346,909	11,677,700	11,179,574	11,238,105
Total Revenues	179,863,401	173,320,963	169,359,939	166,272,429
Expenditures:				
Instruction:				
Basic Programs	81,999,459	80,062,156	81,030,080	81,816,478
Added Needs	21,212,965	19,872,549	19,283,739	20,188,369
Adult and Continuing Ed	237,678	140,107	122,981	186,120
Support Services:				
Pupil	15,013,265	14,693,611	14,491,527	15,008,178
Instructional Staff	8,532,680	7,249,562	6,623,223	3,638,985
General Administration	1,432,579	1,113,365	978,210	920,176
School Administration	8,792,562	8,510,330	8,167,452	8,321,738
Business Services	2,291,896	1,906,300	1,668,441	1,887,423
Operations & Maintenance	14,605,978	13,841,590	11,591,193	10,397,265
Transportation	7,709,681	7,297,545	6,749,192	7,077,330
Central Services	6,569,908	7,494,098	6,496,179	4,406,384
Other Support	2,794,869	2,608,312	2,334,358	2,760,406
Community Education	3,306,739	2,895,409	3,253,758	2,784,158
Building Improvement Services	2,880,724	2,907,937	4,000	-
Debt Service	36,342	40,341	77,501	-
Total Instruction and Support	177,417,325	170,633,212	162,871,834	159,393,010
Capital Outlay	1,170,832	343,508	49,700	686,340
Total Expenditures	178,588,157	170,976,720	162,921,534	160,079,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,275,244	2,344,243	6,438,405	6,193,079
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	-	145,365
Transfers Out	(325,000)	(2,912)	(4,344)	(54,754)
Proceeds from Sale of Cap Assets	37,327	6,349	7,306	28,710
Total Other Financing Uses	(287,673)	3,437	2,962	119,321
Net Change in Fund Balance	987,571	2,347,680	6,441,367	6,312,400
July 1, Fund Balance	31,250,093	28,902,413	22,461,046	16,148,646
Unassigned June 30,	\$ 32,237,664	\$ 31,250,093	\$ 28,902,413	\$ 22,461,046

Next Year Budget with Three Year Forecast – General Fund

GENERAL FUND BUDGET REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION				
	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Revenues:				
Local	\$ 29,975,985	\$ 29,597,348	\$ 29,211,705	\$ 28,833,729
State	139,022,625	137,987,462	136,961,141	135,925,978
Federal	4,712,633	4,712,633	4,712,633	4,712,633
Interdistrict Sources	11,346,909	11,346,909	11,346,909	11,346,909
Total Revenues	185,058,152	183,644,352	182,232,388	180,819,249
Expenditures:				
Instruction:				
Basic Programs	85,341,391	84,428,109	83,557,829	82,728,215
Added Needs	21,976,578	21,741,395	21,517,286	21,303,649
Adult and Continuing Ed	245,186	242,562	240,061	237,678
Support Services:				
Pupil	15,484,817	15,341,112	15,206,178	15,079,479
Instructional Staff	8,829,725	8,762,284	8,698,959	8,495,279
General Administration	1,541,753	1,535,917	1,530,437	1,525,291
School Administration	9,029,778	8,952,036	8,879,039	8,810,497
Business Services	2,412,101	2,403,896	2,396,192	2,388,958
Operations & Maintenance	14,780,362	14,748,670	14,718,912	14,690,971
Transportation	8,005,003	7,939,680	7,874,357	7,809,681
Central Services	6,651,910	6,626,762	6,603,149	6,580,977
Other Support	2,825,810	2,816,595	2,807,943	2,799,819
Community Education	3,331,936	3,322,877	3,314,371	3,306,384
Building Improvement Services	2,880,724	2,880,724	2,880,724	2,880,724
Debt Service	-	-	-	36,341
Total Instruction and Support	183,337,074	181,742,619	180,225,437	178,673,943
Capital Outlay	745,963	798,452	850,941	850,941
Total Expenditures	184,083,037	182,541,071	181,076,378	179,524,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	975,115	1,103,281	1,156,010	1,294,365
Other Financing Sources (Uses)				
Transfers Out	-	-	-	(100,000)
Proceeds from Sale of Cap Assets	37,327	37,327	37,327	37,327
Total Other Financing Uses	37,327	37,327	37,327	(62,673)
Net Change in Fund Balance	1,012,442	1,140,608	1,193,337	1,231,692
July 1, Fund Balance	35,803,301	34,662,693	33,469,356	32,237,664
Unassigned June 30,	\$ 36,815,743	\$ 35,803,301	\$ 34,662,693	\$ 33,469,356

Significant Changes in Fund Balance

The fund balance in General Fund is expected to increase by approximately \$987,500 at June 30, 2019, compared to an increase of \$2.3 million at June 30, 2018. This is due primarily to funding certain capital projects that were not included in the scope of bond-funded projects (one-time costs).

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 based on third-party enrollment projections and foundation allowance amounts included in the State budget. Expenditure assumptions include employee compensation costs based on salary schedules, staffing levels, expected health insurance premium changes, and pension fund rates

provided by the State. Assumptions in the general fund are illustrated as follows:

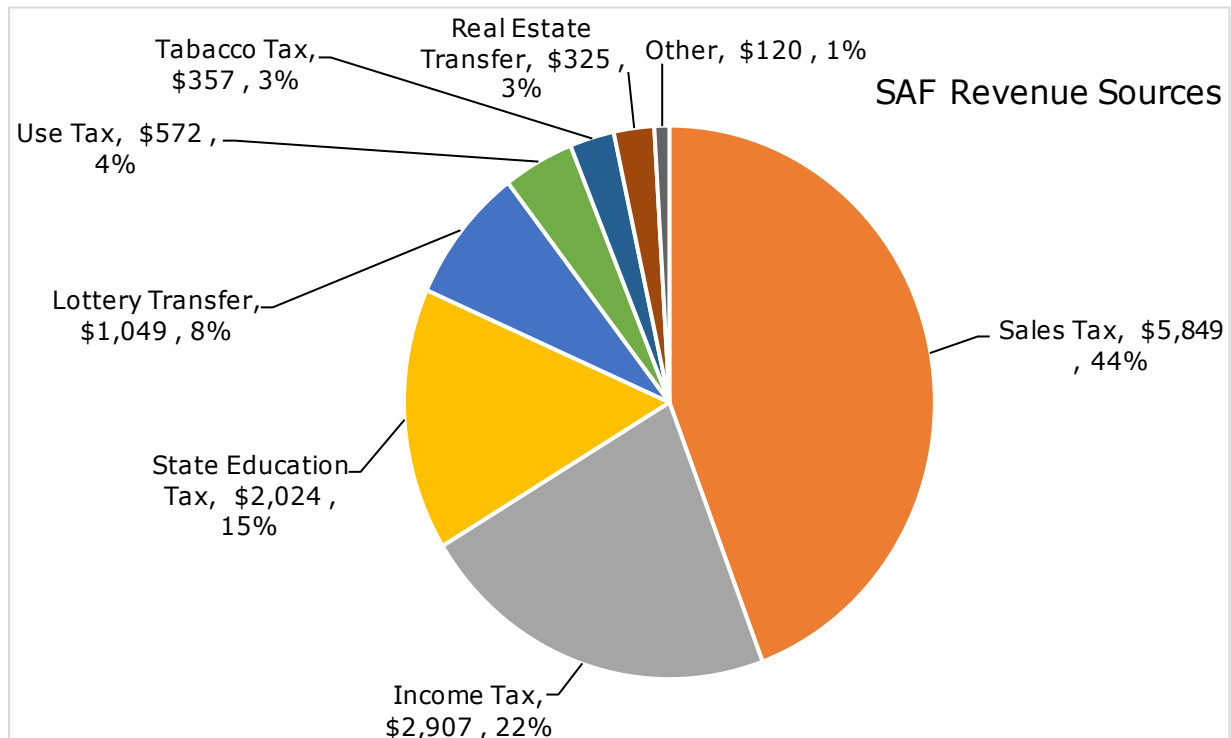
GENERAL FUND BUDGET ASSUMPTIONS						
	Assumption	20-21	Assumption	21-22	Assumption	22-23
Revenue:						
Foundation	\$ 75	\$ 8,529	\$ 100	\$ 8,629	\$ 100	\$ 8,729
Enrollment	(2)	15,336	(15)	15,321	(15)	15,321
Foundation increase		\$ 1,150,200		\$ 1,532,100		\$ 1,532,100
Increase (decrease) in enrollment		(17,058)		(129,435)		(130,935)
Estimated revenue increase		1,133,142		1,402,665		1,401,165
Less: Property tax increase	19,699,425	393,834	20,101,136	401,711	20,494,970	393,834
Net state aid		739,308		1,000,954		1,007,331
Miscellaneous		280,372		9,674		13,010
Expenditures:						
Transportation contracts	-	\$ 63,538	-	\$ 64,173	-	\$ 3,259
Additional 3 days:						
Transportation	-	503	-	508	-	20
Middle School Strings Program						
Teacher salary		122,470		127,930		127,930
Group Insurance		28,122		29,950		29,950
Social Security & Retirement	-	55,761	-	58,247	-	58,247
Supplies & Materials		1,500		1,500		1,500
Other Expenses		3,940		3,940		3,940
Labor Contracts		-		-		-
Health Insurance	6.50%	1,062,096	6.50%	1,131,133	6.50%	270,531
Construction		-		-		-
Reading Recovery Implementation		144,220		-		-
Miscellaneous		69,344		47,312		1,046,589
		<u>\$ 1,551,494</u>		<u>\$ 1,464,693</u>		<u>\$ 1,541,966</u>
Total Revenue increase (decrease)		\$ 1,413,514		\$ 1,412,339		\$ 1,414,175
Total Expenditure increase (decrease)		1,551,494		1,464,693		1,541,966
Excess (deficiency)		<u>\$ (137,980)</u>		<u>\$ (52,354)</u>		<u>\$ (127,791)</u>

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 2018 (the most recent data available):

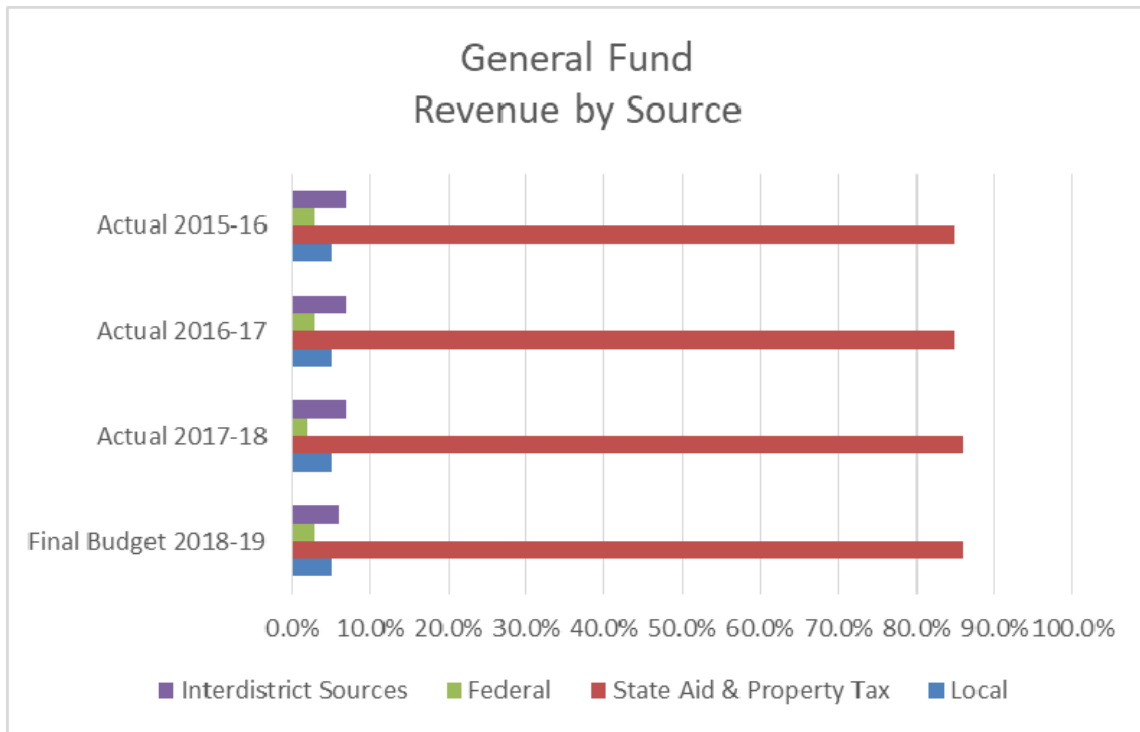


Source: House Fiscal Agency

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 accounted for approximately 86% of the district's General Fund revenue.



Major Revenue Shifts

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 2018-19 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 an increase of \$50 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.

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

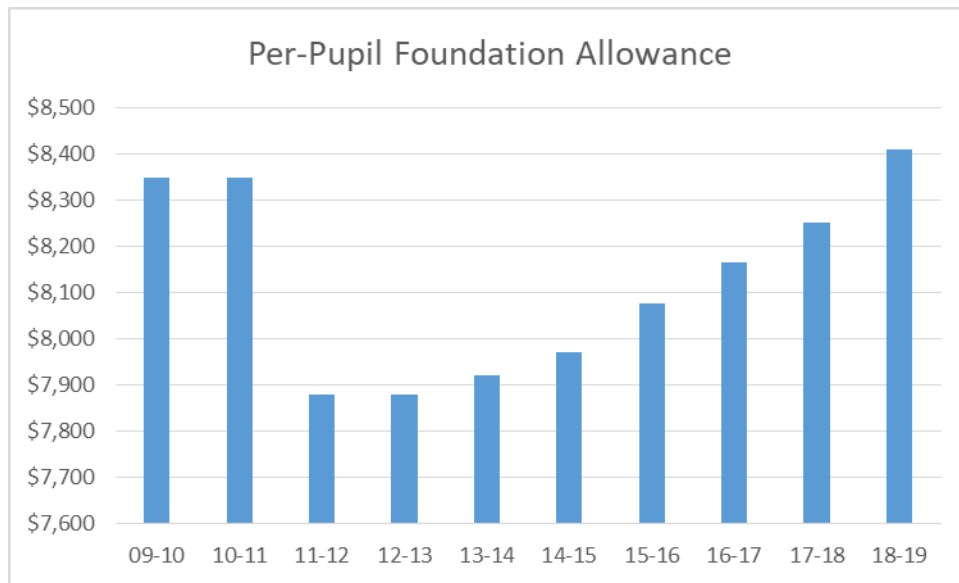
ROCHESTER COMMUNITY SCHOOLS REVENUES BY SOURCE - GENERAL FUND

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Local sources				
Property tax levy	\$ 18,952,720	\$ 17,349,319	\$ 17,155,244	\$ 16,732,541
Earnings on investments	100,000	929	946	627
Tuition from patrons	361,630	382,897	294,398	252,685
Rentals	625,000	705,007	578,148	779,563
Contributions and grants	47,900	54,079	83,041	203,201
Medicaid	1,174,543	994,691	1,049,097	794,703
Athletics gate receipts	349,625	663,283	703,350	1,171,548
Other local revenue	<u>6,869,440</u>	<u>6,287,957</u>	<u>6,635,824</u>	<u>5,238,470</u>
Total revenues from local sources	28,480,858	26,438,162	26,500,048	25,173,338
State sources				
Grants - unrestricted				
State school aid	108,128,233	106,099,008	103,318,106	101,907,253
Grants - restricted				
Special education	9,797,857	8,533,083	10,029,114	9,793,878
At risk	1,377,281	1,018,273	901,970	1,178,247
Vocational education	176,499	177,132	133,296	282,714
Early childhood education	517,047	328,924	456,735	465,039
MPSERS Cost Offset	2,158,283	3,651,974	1,143,973	1,181,311
MPSERS UAAL	10,762,945	10,112,039	10,137,593	9,541,150
Other	<u>2,404,856</u>	<u>1,193,258</u>	<u>1,014,632</u>	<u>1,149,126</u>
Total revenues from state sources	135,323,001	131,113,691	127,135,419	125,498,718
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,372,318	3,154,420	3,331,511	3,167,407
Title I	358,772	403,826	659,669	710,196
Medicaid Outreach	37,462	21,089	35,692	26,769
Title II A	473,846	161,587	204,228	222,087
Title III	264,151	200,030	136,854	63,808
Adult education	<u>206,084</u>	<u>150,458</u>	<u>176,944</u>	<u>172,001</u>
Total revenues from federal sources	4,712,633	4,091,410	4,544,898	4,362,268
Interdistrict sources				
County sources	<u>11,346,909</u>	<u>11,677,699</u>	<u>11,179,573</u>	<u>11,238,105</u>
Total county sources	<u>11,346,909</u>	<u>11,677,699</u>	<u>11,179,573</u>	<u>11,238,105</u>
Other financing sources				
Sale of assets	37,327	6,349	7,306	28,710
Issuance of Long Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,365</u>
Total other sources	<u>37,327</u>	<u>6,349</u>	<u>7,306</u>	<u>174,075</u>
Total revenues and Other financing sources	<u>\$ 179,900,728</u>	<u>\$ 173,327,311</u>	<u>\$ 169,367,244</u>	<u>\$ 166,446,504</u>

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

REVENUES BY SOURCE - GENERAL FUND				
	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Local sources				
Property tax levy	\$ 20,502,847	\$ 20,101,136	\$ 19,707,302	\$ 19,305,591
Earnings on investments	100,000	100,000	100,000	100,000
Tuition from patrons	395,163	383,653	372,479	361,630
Rentals	625,000	625,000	625,000	625,000
Contributions and grants	47,900	47,900	47,900	47,900
Medicaid	1,174,543	1,174,543	1,174,543	1,174,543
Athletics gate receipts	349,625	349,625	349,625	349,625
Other local revenue	6,869,440	6,869,440	6,869,440	6,869,440
Total revenues from local sources	30,064,518	29,651,297	29,246,289	28,833,729
State sources				
Grants - unrestricted				
State school aid	111,740,449	110,739,495	109,732,164	108,731,210
Grants - restricted				
Special education	9,797,857	9,797,857	9,797,857	9,797,857
At risk	1,377,281	1,377,281	1,377,281	1,377,281
Vocational education	176,499	176,499	176,499	176,499
Early childhood education	517,047	517,047	517,047	517,047
MPSERS Cost Offset	2,158,283	2,158,283	2,158,283	2,158,283
MPSERS UAAL	10,762,945	10,762,945	10,762,945	10,762,945
Other	2,404,856	2,404,856	2,404,856	2,404,856
Total revenues from state sources	138,935,217	137,934,263	136,926,932	135,925,978
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,372,318	3,372,318	3,372,318	3,372,318
Title I	358,772	358,772	358,772	358,772
Medicaid Outreach	37,462	37,462	37,462	37,462
Title II A	473,846	473,846	473,846	473,846
Title III	264,151	264,151	264,151	264,151
Adult education	206,084	206,084	206,084	206,084
Total revenues from federal sources	4,712,633	4,712,633	4,712,633	4,712,633
Interdistrict sources				
County sources	11,346,909	11,346,909	11,346,909	11,346,909
Total county sources	11,346,909	11,346,909	11,346,909	11,346,909
Other financing sources				
Sale of assets	37,327	37,327	37,327	37,327
Issuance of Long Term Debt	-	-	-	-
Total other sources	37,327	37,327	37,327	37,327
Total revenues and Other financing sources	\$ 185,096,604	\$ 183,682,429	\$ 182,270,090	\$ 180,856,576

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>Number</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, 2016 valuation will be amortized over a 20 year period for fiscal year 2016.

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,	2014	September 30,	2015	18.76%	23.07%
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%

Self-funded Health Insurances

The district maintains a self-funded health insurance plan through Blue Cross Blue Shield of Michigan. Current year premiums are calculated based on the previous year health care costs. Plan years begin on January 1 and end on December 31. The district pays 80% of the premium for health coverage, and 20% of the premium is collected via payroll deduction over a ten-month period beginning in September. Health insurance premiums totaled approximately \$14 million in 2018-19. Premiums are expected to increase by 3% beginning January 1, 2020.

Major Expenditure Shifts

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

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Instruction				
Salaries:				
Elementary	\$ 21,859,470	\$ 22,599,239	\$ 22,288,279	\$ 23,335,682
Middle School	9,819,403	9,742,102	9,800,114	10,345,366
High School	13,504,563	14,156,548	13,910,204	14,113,129
Other Basic Programs	928,737	834,307	896,208	1,024,715
Special Education	9,582,831	9,381,456	9,158,797	9,224,779
Other Added Needs	1,459,817	1,355,781	1,486,943	1,474,472
Adult Education	103,452	92,908	77,333	122,753
Total Salaries	57,258,273	58,162,341	57,617,878	59,640,896
Employee Benefits:				
Group Insurance	11,141,313	9,232,632	9,587,430	9,227,317
Social Security & Retirement	27,214,553	26,482,102	26,199,586	26,901,306
Other Employee Benefits	509,948	464,994	476,363	752,477
Total Employee Benefits	38,865,814	36,179,728	36,263,379	36,881,100
Purchased Services	2,479,244	2,349,576	2,032,949	2,028,967
Supplies & Materials	2,546,384	1,277,948	2,370,819	1,386,282
Other Expenses	2,300,387	2,105,219	2,151,774	2,253,721
Total Instruction	103,450,102	100,074,812	100,436,799	102,190,966
Student Services				
Salaries:				
Professional	8,027,296	8,132,109	8,152,448	7,954,985
Non-professional	749,111	746,429	778,853	1,096,900
Total Salaries	8,776,407	8,878,538	8,931,301	9,051,885
Employee Benefits:				
Group Insurance	1,874,900	1,535,835	1,453,330	1,340,492
Social Security & Retirement	4,025,173	3,935,452	3,779,934	4,196,276
Other Employee Benefits	73,256	70,233	71,138	112,978
Total Employee Benefits	5,973,329	5,541,520	5,304,402	5,649,746
Purchased Services	224,611	230,651	209,588	256,911
Supplies & Materials	38,918	42,902	46,236	49,636
Other Expenses	-	-	-	-
Total Student Services	15,013,265	14,693,611	14,491,527	15,008,178
Staff Services				
Salaries:				
Professional	\$ 3,617,404	\$ 3,485,691	\$ 3,211,639	\$ 1,309,320
Non-professional	330,157	331,602	299,404	483,287
Total Salaries	3,947,561	3,817,293	3,511,043	1,792,607
Employee Benefits:				
Group Insurance	895,942	734,342	616,793	302,744
Social Security & Retirement	1,802,974	1,663,117	1,633,503	771,010
Other Employee Benefits	14,778	10,455	47,862	45,954
Total Employee Benefits	2,713,694	2,407,914	2,298,158	1,119,708
Purchased Services	1,280,136	522,957	533,757	624,602
Supplies & Materials	571,824	483,108	263,004	74,728
Other Expenses	19,465	18,290	17,261	27,340
Total Staff Services	8,532,680	7,249,562	6,623,223	3,638,985

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
General Administration				
Salaries:				
Professional	383,605	372,162	357,649	328,609
Non-professional	118,563	119,551	77,571	66,100
Total Salaries	502,168	491,713	435,220	394,709
Employee Benefits:				
Group Insurance	74,331	58,522	54,989	50,389
Social Security & Retirement	229,171	218,108	191,652	164,905
Other Employee Benefits	15,292	14,412	17,165	7,320
Total Employee Benefits	318,794	291,042	263,806	222,614
Purchased Services	552,341	302,129	252,511	279,474
Supplies & Materials	18,928	9,660	9,253	5,010
Other Expenses	40,348	18,821	17,420	18,369
Total General Administration	1,432,579	1,113,365	978,210	920,176
School Administration				
Salaries:				
Professional	3,899,980	3,899,645	3,715,392	3,647,332
Non-professional	1,393,397	1,276,811	1,248,484	1,389,117
Total Salaries	5,293,377	5,176,456	4,963,876	5,036,449
Employee Benefits:				
Group Insurance	1,018,315	904,172	809,327	732,496
Social Security & Retirement	2,318,301	2,262,849	2,158,541	2,282,917
Other Employee Benefits	14,461	17,351	148,787	157,639
Total Employee Benefits	3,351,077	3,184,372	3,116,655	3,173,052
Purchased Services	95,011	90,571	59,183	79,551
Supplies & Materials	50,447	56,358	25,243	30,222
Other Expenses	2,650	2,573	2,495	2,464
Total School Administration	8,792,562	8,510,330	8,167,452	8,321,738
Business Services				
Salaries:				
Professional	\$ 510,399	\$ 444,912	\$ 387,449	\$ 288,539
Non-professional	166,058	162,347	164,911	215,607
Total Salaries	676,457	607,259	552,360	504,146
Employee Benefits:				
Group Insurance	107,559	79,398	81,368	65,134
Social Security & Retirement	303,551	272,091	238,800	220,009
Other Employee Benefits	6,300	7,931	20,303	10,225
Total Employee Benefits	417,410	359,420	340,471	295,368
Purchased Services	926,092	706,416	640,792	856,979
Supplies & Materials	30,392	19,325	19,610	23,646
Other Expenses	241,545	213,880	115,208	207,284
Total Business Services	2,291,896	1,906,300	1,668,441	1,887,423

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Operations & Maintenance				
Salaries:				
Professional	358,851	310,025	260,170	209,016
Non-professional	1,039,075	1,078,928	1,095,681	1,121,683
Total Salaries	1,397,926	1,388,953	1,355,851	1,330,699
Employee Benefits:				
Group Insurance	312,348	305,413	277,986	249,246
Social Security & Retirement	486,910	601,921	580,689	587,653
Other Employee Benefits	3,202	3,572	48,816	58,942
Total Employee Benefits	802,460	910,906	907,491	895,841
Purchased Services	8,129,573	7,670,927	5,352,394	4,943,405
Supplies & Materials	4,271,333	3,868,223	3,971,173	3,222,755
Other Expenses	4,686	2,581	4,284	4,565
Total Operations & Maintenance	14,605,978	13,841,590	11,591,193	10,397,265
Transportation Services				
Salaries:				
Professional	-	-	-	2,218
Non-professional	-	-	-	-
Total Salaries	-	-	-	2,218
Employee Benefits:				
Group Insurance	-	-	-	(83)
Social Security & Retirement	-	-	-	937
Other Employee Benefits	-	-	5,766	10,290
Total Employee Benefits	-	-	5,766	11,144
Purchased Services	7,106,868	6,805,469	6,375,685	6,681,335
Supplies & Materials	601,563	492,076	367,741	382,633
Other Expenses	1,250	-	-	-
Total Transportation	7,709,681	7,297,545	6,749,192	7,077,330
Central Services				
Salaries:				
Professional	\$ 1,416,492	\$ 1,071,794	\$ 935,207	\$ 947,976
Non-professional	1,136,834	3,222,681	1,615,233	757,756
Total Salaries	2,553,326	4,294,475	2,550,440	1,705,732
Employee Benefits:				
Group Insurance	330,654	316,301	299,386	260,126
Social Security & Retirement	1,089,636	1,028,672	780,952	745,292
Other Employee Benefits	14,589	13,092	172,220	104,477
Total Employee Benefits	1,434,879	1,358,065	1,252,558	1,109,895
Purchased Services	2,508,455	1,810,745	2,620,104	1,563,442
Supplies & Materials	29,499	21,409	26,587	12,984
Other Expenses	43,749	9,404	46,490	14,331
Total Central Services	6,569,908	7,494,098	6,496,179	4,406,384

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Other Support				
Salaries:				
Professional	341,198	315,252	254,887	229,346
Non-professional	1,206,402	1,150,634	1,103,857	1,220,389
Total Salaries	1,547,600	1,465,886	1,358,744	1,449,735
Employee Benefits:				
Group Insurance	115,423	85,430	76,994	99,625
Social Security & Retirement	657,400	627,598	592,994	617,019
Other Employee Benefits	1,545	1,500	12,988	12,643
Total Employee Benefits	774,368	714,528	682,976	729,287
Purchased Services	269,856	272,856	140,010	411,325
Supplies & Materials	142,511	110,563	103,075	118,327
Other Expenses	60,534	44,479	49,553	51,732
Total Other Support	2,794,869	2,608,312	2,334,358	2,760,406
Community Services				
Salaries:				
Professional	\$ 451,854	\$ 414,886	\$ 458,531	\$ 427,815
Non-professional	1,232,372	1,163,611	1,225,726	1,026,036
Total Salaries	1,684,226	1,578,497	1,684,257	1,453,851
Employee Benefits:				
Group Insurance	118,657	101,301	109,544	114,290
Social Security & Retirement	751,350	668,327	714,206	606,937
Other Employee Benefits	957	1,217	8,906	11,790
Total Employee Benefits	870,964	770,845	832,656	733,017
Purchased Services	602,320	452,159	495,517	512,411
Supplies & Materials	130,779	88,508	233,075	83,553
Other Expenses	18,450	5,400	8,253	1,326
Total Community Services	3,306,739	2,895,409	3,253,758	2,784,158
Building improvements	2,880,724	2,907,937	4,000	-
Debt service	36,342	40,341	77,501	-
Capital Outlay	1,170,832	343,508	49,700	686,340
Other Financing Uses				
Transfers out	325,000	2,912	4,344	54,754
Total Other Financing Uses	4,412,898	3,294,698	135,545	741,094
Total Expenditures	\$ 178,913,157	\$ 170,979,632	\$ 162,925,877	\$ 160,134,103

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Instruction				
Salaries:				
Elementary	\$ 21,834,524	\$ 21,834,524	\$ 21,834,524	\$ 21,834,524
Middle School	10,191,987	10,064,057	9,936,127	9,808,197
High School	13,489,151	13,489,151	13,489,151	13,489,151
Other Basic Programs	927,677	927,677	927,677	927,677
Special Education	9,571,895	9,571,895	9,571,895	9,571,895
Other Added Needs	1,458,151	1,458,151	1,458,151	1,458,151
Adult Education	103,334	103,334	103,334	103,334
Total Salaries	57,576,719	57,448,789	57,320,859	57,192,929
Employee Benefits:				
Group Insurance	14,089,094	13,201,074	12,367,253	11,584,322
Social Security & Retirement	27,817,713	27,688,015	27,558,317	27,428,983
Other Employee Benefits	508,646	508,646	508,646	508,646
Total Employee Benefits	42,415,453	41,397,735	40,434,216	39,521,951
Purchased Services	2,471,420	2,471,420	2,471,420	2,471,420
Supplies & Materials	2,788,449	2,786,949	2,785,449	2,783,949
Other Expenses	2,311,113	2,307,173	2,303,233	2,299,293
Total Instruction	107,563,154	106,412,066	105,315,177	104,269,542
Student Services				
Salaries:				
Professional	8,027,296	8,027,296	8,027,296	8,027,296
Non-professional	748,780	748,780	748,780	748,780
Total Salaries	8,776,076	8,776,076	8,776,076	8,776,076
Employee Benefits:				
Group Insurance	2,354,551	2,210,846	2,075,912	1,949,213
Social Security & Retirement	4,025,173	4,025,173	4,025,173	4,025,173
Other Employee Benefits	73,256	73,256	73,256	73,256
Total Employee Benefits	6,452,980	6,309,275	6,174,341	6,047,642
Purchased Services	216,834	216,834	216,834	216,834
Supplies & Materials	38,927	38,927	38,927	38,927
Other Expenses	-	-	-	-
Total Student Services	15,484,817	15,341,112	15,206,178	15,079,479
Staff Services				
Salaries:				
Professional	\$ 3,645,327	\$ 3,645,327	\$ 3,645,327	\$ 3,645,327
Non-professional	302,954	302,954	302,954	302,954
Total Salaries	3,948,281	3,948,281	3,948,281	3,948,281
Employee Benefits:				
Group Insurance	1,104,998	1,037,557	974,232	914,772
Social Security & Retirement	1,774,046	1,774,046	1,774,046	1,774,046
Other Employee Benefits	14,778	14,778	14,778	14,778
Total Employee Benefits	2,893,822	2,826,381	2,763,056	2,703,596
Purchased Services	1,395,646	1,395,646	1,395,646	1,251,426
Supplies & Materials	564,051	564,051	564,051	564,051
Other Expenses	27,925	27,925	27,925	27,925
Total Staff Services	8,829,725	8,762,284	8,698,959	8,495,279

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
General Administration				
Salaries:				
Professional	383,605	383,605	383,605	383,605
Non-professional	118,563	118,563	118,563	118,563
Total Salaries	502,168	502,168	502,168	502,168
Employee Benefits:				
Group Insurance	95,625	89,789	84,309	79,163
Social Security & Retirement	230,528	230,528	230,528	230,528
Other Employee Benefits	15,292	15,292	15,292	15,292
Total Employee Benefits	341,445	335,609	330,129	324,983
Purchased Services	642,403	642,403	642,403	642,403
Supplies & Materials	15,639	15,639	15,639	15,639
Other Expenses	40,098	40,098	40,098	40,098
Total General Administration	1,541,753	1,535,917	1,530,437	1,525,291
School Administration				
Salaries:				
Professional	3,899,980	3,899,980	3,899,980	3,899,980
Non-professional	1,393,397	1,393,397	1,393,397	1,393,397
Total Salaries	5,293,377	5,293,377	5,293,377	5,293,377
Employee Benefits:				
Group Insurance	1,273,769	1,196,027	1,123,030	1,054,488
Social Security & Retirement	2,325,430	2,325,430	2,325,430	2,325,430
Other Employee Benefits	14,461	14,461	14,461	14,461
Total Employee Benefits	3,613,660	3,535,918	3,462,921	3,394,379
Purchased Services	90,954	90,954	90,954	90,954
Supplies & Materials	29,137	29,137	29,137	29,137
Other Expenses	2,650	2,650	2,650	2,650
Total School Administration	9,029,778	8,952,036	8,879,039	8,810,497
Business Services				
Salaries:				
Professional	\$ 510,399	\$ 510,399	\$ 510,399	\$ 510,399
Non-professional	166,058	166,058	166,058	166,058
Total Salaries	676,457	676,457	676,457	676,457
Employee Benefits:				
Group Insurance	134,431	126,226	118,522	111,288
Social Security & Retirement	303,551	303,551	303,551	303,551
Other Employee Benefits	6,300	6,300	6,300	6,300
Total Employee Benefits	444,282	436,077	428,373	421,139
Purchased Services	1,019,324	1,019,324	1,019,324	1,019,324
Supplies & Materials	30,392	30,392	30,392	30,392
Other Expenses	241,646	241,646	241,646	241,646
Total Business Services	2,412,101	2,403,896	2,396,192	2,388,958

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Operations & Maintenance				
Salaries:				
Professional	358,851	358,851	358,851	358,851
Non-professional	<u>1,039,075</u>	<u>1,039,075</u>	<u>1,039,075</u>	<u>1,039,075</u>
Total Salaries	1,397,926	1,397,926	1,397,926	1,397,926
Employee Benefits:				
Group Insurance	519,259	487,567	457,809	429,868
Social Security & Retirement	486,910	486,910	486,910	486,910
Other Employee Benefits	<u>9,355</u>	<u>9,355</u>	<u>9,355</u>	<u>9,355</u>
Total Employee Benefits	1,015,524	983,832	954,074	926,133
Purchased Services	8,064,927	8,064,927	8,064,927	8,064,927
Supplies & Materials	4,297,299	4,297,299	4,297,299	4,297,299
Other Expenses	<u>4,686</u>	<u>4,686</u>	<u>4,686</u>	<u>4,686</u>
Total Operations & Maintenance	14,780,362	14,748,670	14,718,912	14,690,971
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Salaries	-	-	-	-
Employee Benefits:				
Group Insurance	-	-	-	-
Social Security & Retirement	-	-	-	-
Other Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Employee Benefits	-	-	-	-
Purchased Services	7,403,653	7,338,330	7,273,007	7,208,331
Supplies & Materials	600,100	600,100	600,100	600,100
Other Expenses	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
Total Transportation	8,005,003	7,939,680	7,874,357	7,809,681
Central Services				
Salaries:				
Professional	\$ 1,442,028	\$ 1,442,028	\$ 1,442,028	\$ 1,442,028
Non-professional	<u>1,136,834</u>	<u>1,136,834</u>	<u>1,136,834</u>	<u>1,136,834</u>
Total Salaries	2,578,862	2,578,862	2,578,862	2,578,862
Employee Benefits:				
Group Insurance	412,035	386,887	363,274	341,102
Social Security & Retirement	1,089,636	1,089,636	1,089,636	1,089,636
Other Employee Benefits	<u>14,589</u>	<u>14,589</u>	<u>14,589</u>	<u>14,589</u>
Total Employee Benefits	1,516,260	1,491,112	1,467,499	1,445,327
Purchased Services	2,492,014	2,492,014	2,492,014	2,492,014
Supplies & Materials	21,025	21,025	21,025	21,025
Other Expenses	<u>43,749</u>	<u>43,749</u>	<u>43,749</u>	<u>43,749</u>
Total Central Services	6,651,910	6,626,762	6,603,149	6,580,977

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Other Support				
Salaries:				
Professional	341,198	341,198	341,198	341,198
Non-professional	1,206,402	1,206,402	1,206,402	1,206,402
Total Salaries	1,547,600	1,547,600	1,547,600	1,547,600
Employee Benefits:				
Group Insurance	150,978	141,763	133,111	124,987
Social Security & Retirement	657,400	657,400	657,400	657,400
Other Employee Benefits	1,545	1,545	1,545	1,545
Total Employee Benefits	809,923	800,708	792,056	783,932
Purchased Services	272,568	272,568	272,568	272,568
Supplies & Materials	136,307	136,307	136,307	136,307
Other Expenses	59,412	59,412	59,412	59,412
Total Other Support	2,825,810	2,816,595	2,807,943	2,799,819
Community Services				
Salaries:				
Professional	\$ 451,854	\$ 451,854	\$ 451,854	\$ 451,854
Non-professional	1,232,372	1,232,372	1,232,372	1,232,372
Total Salaries	1,684,226	1,684,226	1,684,226	1,684,226
Employee Benefits:				
Group Insurance	148,433	139,374	130,868	122,881
Social Security & Retirement	751,350	751,350	751,350	751,350
Other Employee Benefits	957	957	957	957
Total Employee Benefits	900,740	891,681	883,175	875,188
Purchased Services	597,741	597,741	597,741	597,741
Supplies & Materials	130,779	130,779	130,779	130,779
Other Expenses	18,450	18,450	18,450	18,450
Total Community Services	3,331,936	3,322,877	3,314,371	3,306,384
Building improvements	2,880,724	2,880,724	2,880,724	2,880,724
Debt service	-	-	-	36,342
Capital Outlay	745,963	798,452	850,941	850,941
Other Financing Uses				
Transfers out	-	-	-	100,000
Total Other Financing Uses	3,626,687	3,679,176	3,731,665	3,868,007
Total Expenditures	\$ 184,083,036	\$ 182,541,071	\$ 181,076,379	\$ 179,624,885

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.), and sinking funds (repair or replace facilities and infrastructure). Debt levies are assessed on all classes of taxable property and may increase or decrease as taxable property values fluctuate. The district currently levies 5.30 mills (\$5.30 for every \$1,000 of taxable property) to fund the debt service 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:

\$26,980,000 2012 Refunding Bonds due in annual installments ranging from \$430,000 to \$4,625,000 through May 2020; interest from 3.00% to 4.50%.	\$ 4,275,000
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\$11,435,000 2015 Refunding Bonds due in annual installments ranging from \$900,000 to \$7,785,000 through May 2020; interest rate is 5.00%.	950,000
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\$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%.	99,575,000
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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%.	56,025,000
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Total Bonds Payable	<u><u>\$ 160,825,000</u></u>
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The projected Debt Retirement Fund revenue assumes a 5% increase in property values in 2019-20 and is projected to increase at a nominal rate through 2021. The current debt levy is 5.30 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 \$756,197,365. 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:

2019 Assessed value	<u>\$ 6,078,649,100</u>
Statutory bonding limit (15% of state equalized value)	911,797,365
Debt outstanding	\$ 160,825,000
Less: Amount available in debt service funds	5,225,000
Total debt applicable to debt limit	<u>155,600,000</u>
Legal debt margin	<u>\$ 756,197,365</u>

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

DEBT RETIREMENT FUND BUDGET				
	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues				
Local Sources				
Property Taxes	\$ 29,475,000	\$ 28,079,585	\$ 26,687,770	\$ 27,310,206
Interest on Investments	<u>29,000</u>	<u>20,385</u>	<u>24,338</u>	<u>16,277</u>
Total Revenues & Other Sources	29,504,000	28,099,970	26,712,108	27,326,483
Expenditures				
Principal	21,970,000	21,160,000	18,065,000	23,320,000
Bond Issuance Costs				-
Interest and Fiscal Charges	6,140,000	7,101,952	8,959,320	3,607,142
Other	<u>80,000</u>	<u>72,739</u>	<u>44,058</u>	<u>62,548</u>
Total Expenditures & Other Uses	28,190,000	28,334,691	27,068,378	26,989,690
Excess (deficiency) of Revenues Over (Under) Expenditures	1,314,000	(234,721)	(356,270)	336,793
Fund Balance July 1	<u>2,250,558</u>	<u>2,485,279</u>	<u>2,841,549</u>	<u>2,504,756</u>
Fund Balance June 30	<u>\$ 3,564,558</u>	<u>\$ 2,250,558</u>	<u>\$ 2,485,279</u>	<u>\$ 2,841,549</u>

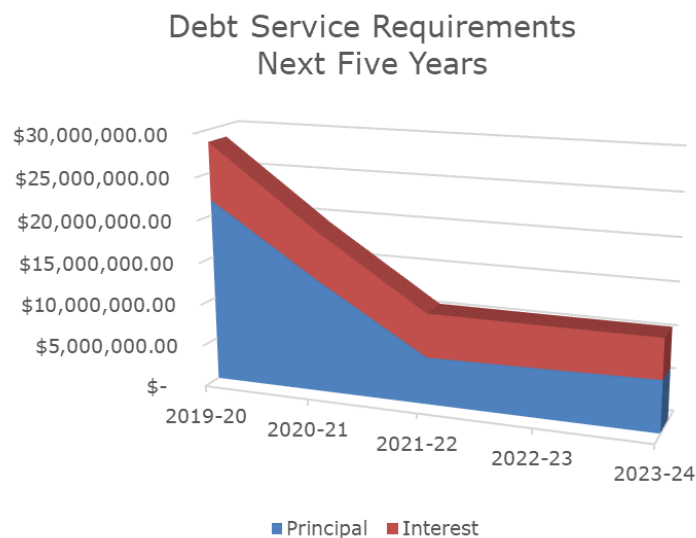
Next Year Revenues by Source with Three Year Forecast – Debt Retirement Fund

ROCHESTER COMMUNITY SCHOOLS DEBT RETIREMENT FUND BUDGET

	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Revenues				
Local Sources				
Property Taxes	\$ 11,345,558	\$ 19,921,499	\$ 27,117,252	\$ 29,788,719
Interest on Investments	6,807	11,953	16,270	20,383
Total Revenues & Other Sources	11,352,365	19,933,452	27,133,522	29,809,102
Expenditures				
Principal	5,570,000	13,380,000	19,825,000	21,970,000
Bond Issuance Costs				
Interest and Fiscal Charges	5,375,200	6,003,575	7,317,238	7,102,325
Other	60,000	60,000	60,000	80,000
Total Expenditures & Other Uses	11,005,200	19,443,575	27,202,238	29,152,325
Excess (deficiency) of Revenues Over (Under) Expenditures	347,165	489,877	(68,716)	656,777
Other Financing Sources (Uses)				
Bond Refinancing Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Payment to Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Fund Balance July 1	3,583,058	3,093,181	3,161,897	2,505,120
Fund Balance June 30	\$ 3,930,223	\$ 3,583,058	\$ 3,093,181	\$ 3,161,897

Debt Service 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.

Negative Trends

Fund balance in the capital projects fund will diminish over the next three years as each project has been completed. Future revenue will depend on new bond issues that will require voter approval.

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

CAPITAL PROJECTS FUND BUDGET				
	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 349,000	\$ 967,334	\$ 875,598	\$ 336,520
Bond Proceeds	56,025,000	-	-	108,725,000
Bond Premiums	1,401,098	-	-	19,631,645
Other Local Revenues	200,000	59,401	-	-
Total Revenues & Other Sources	57,975,098	1,026,735	875,598	128,693,165
Expenditures & Other Financing Uses:				
Site Improvements	8,763,758	10,344,382	5,455,017	-
Buildings and Additions	26,863,891	27,460,178	18,045,447	-
Furniture, Fixtures and Equipment	5,959,856	4,112,713	5,037,060	4,119,047
Buses	1,298,370	91,636	2,544,220	-
Other	2,776,478	2,239,102	2,480,618	-
Total Expenditures & Other Uses	45,662,353	44,248,011	33,562,362	4,119,047
Excess (deficiency) of Revenues Over (Under) Expenditures	12,312,745	(43,221,276)	(32,686,764)	124,574,118
Other Financing Sources (Uses)				
Bond Issuance Costs	(595,576)	-	-	(632,611)
Total Other Financing Sources (Uses)	(595,576)	-	-	(632,611)
Fund Balance July 1	48,057,315	91,278,591	123,965,355	23,848
Fund Balance June 30	<u>\$ 59,774,484</u>	<u>\$ 48,057,315</u>	<u>\$ 91,278,591</u>	<u>\$ 123,965,355</u>

Next Year Revenues by Source with Three Year Forecast – Capital Projects Fund

CAPITAL PROJECTS FUND BUDGET				
	Budget 2022-23	Budget 2021-22	Budget 2020-21	Budget 2019-20
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ -	\$ 52,417	\$ 137,022	\$ 987,000
Bond Proceeds	-	-	-	-
Bond Premiums	-	-	-	-
Other Local Revenues	-	-	-	50,000
Total Revenues & Other Sources	-	52,417	137,022	1,037,000
Expenditures & Other Financing Uses:				
Site Improvements	-	2,613,330	2,903,840	1,293,025
Buildings and Additions	-	4,408,757	10,249,570	23,923,455
Furniture, Fixtures and Equipment	-	1,807,643	2,008,589	4,754,031
Buses	-	1,229,869	1,366,587	2,154,222
Other	-	476,271	529,328	1,282,406
Total Expenditures & Other Uses	-	10,535,870	17,057,914	33,407,139
Excess (deficiency) of Revenues Over (Under) Expenditures	-	(10,483,453)	(16,920,892)	(32,370,139)
Fund Balance July 1	-	10,483,453	27,404,345	59,774,484
Fund Balance June 30	\$ -	\$ -	\$ 10,483,453	\$ 27,404,345

The projects funded by the 2016 Building and Site bond issue will be completed in phases according to the construction plan. Phase one (2016-2017) included the construction of security vestibules at eight buildings and included electronic camera and door access systems. Phase one construction also included renovations and/or additions at Rochester High School, Hugger and Musson elementary buildings, a playground at Hamlin elementary, and the demolition of the old Brooklands School.

Phase two (2017-2018 and 2017-2019) projects include renovations and/or additions to Adams High School, Baldwin and Hamlin Elementary Schools, the Early Learning Center, and the ACE multi-purpose school. ACE includes special education post-high school and alternative education programs.

Phase three (2018-2019 and 2018-2020) projects include renovations and/or additions to Hart Middle School and Hampton, Long Meadow, Brooklands, and McGregor Elementary Schools.

Phase four (2019-2021 and 2019-2021) projects include renovations and/or additions to Stoney Creek High School and Brewster, Delta Kelly, Meadowbrook, North Hill, and University Hills Elementary Schools.

Phase five (2020-2021) projects include renovations and/or additions to Reuther and Van Hoosen Middle Schools, and the administration building.

The following schedules provide a summary of actual and projected expenditures for the Capital Projects Fund:

SUMMARY OF EXPENDITURES BY LOCATION
CAPITAL PROJECTS FUND

<u>Location</u>	<u>Final Budget 2018-19</u>	<u>Actual 2017-18</u>	<u>Actual 2016-17</u>	<u>Actual 2015-16</u>
Adams High School	\$ 5,026,252	\$ 7,930,641	\$ 793,245	\$ 260,272
Rochester High School	279,974	9,337,172	13,747,625	495,551
Stoney Creek High School	1,244,251	206,552	656,096	-
Alternative Center (ACE)	3,024,612	6,465,552	30,387	4,921
Hart Middle School	5,889,875	627,629	844,658	245,626
Reuther Middle School	57,678	108,749	232,400	267,117
Van Hoosen Middle School	68,761	149,834	198,235	117,358
West Middle School	162,884	2,722,113	1,580,026	47,620
Baldwin Elementary	-	3,408,348	519,118	8,038
Brewster Elementary	4,381,356	26,065	62,751	59,870
Brooklands Elementary	3,152,040	354,623	55,532	6,850
Delta Kelly Elementary	509,554	23,548	66,500	97,009
Hamlin Elementary	248,923	4,365,046	1,403,907	-
Hampton Elementary	5,950,590	1,100,843	77,326	46,991
Hugger Elementary	57,608	3,160,667	6,203,995	64,108
Long Meadow Elementary	1,454,731	321,639	145,893	115,807
McGregor Elementary	1,365,052	229,067	200,101	534,209
Meadow Brook Elementary	412,386	22,249	152,386	10,451
Musson Elementary	335,645	3,165,213	6,304,143	65,605
North Hill Elementary	3,567,800	71,980	144,588	58,230
University Hills Elementary	3,017,107	23,405	28,073	66,651
Caring Steps Children's Center	3,625,576	327,276	-	-
R.A.C.E.	-	-	14,048	-
Administration Center/District	-	-	75,386	1,546,763
Facilities & Grounds	2,087,845	-	25,943	-
Transportation	337,429	99,800	-	-
Total	<u>\$ 46,257,929</u>	<u>\$ 44,248,011</u>	<u>\$ 33,562,362</u>	<u>\$ 4,119,047</u>

SUMMARY OF EXPENDITURES BY LOCATION
CAPITAL PROJECTS FUND

<u>Location</u>	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Adams High School	\$ -	\$ 61,032	\$ 98,813	\$ 158,690
Rochester High School	-	60,767	98,383	68,335
Stoney Creek High School	-	60,613	98,135	3,757,417
Alternative Center (ACE)	-	2,437	3,945	59,293
Hart Middle School	-	42,376	68,608	3,319,366
Reuther Middle School	-	1,267,017	2,051,342	80,754
Van Hoosen Middle School	-	1,488,679	2,410,220	94,051
West Middle School	-	32,135	52,027	131,701
Baldwin Elementary	-	20,217	32,732	38,260
Brewster Elementary	-	2,030,537	3,287,505	7,104,466
Brooklands Elementary	-	18,085	29,280	168,703
Delta Kelly Elementary	-	20,255	32,794	1,882,992
Hamlin Elementary	-	13,935	22,561	38,440
Hampton Elementary	-	16,562	26,815	746,019
Hugger Elementary	-	19,989	32,363	41,875
Long Meadow Elementary	-	21,512	34,828	43,130
McGregor Elementary	-	16,792	27,186	51,996
Meadow Brook Elementary	-	15,344	24,843	1,398,075
Musson Elementary	-	18,313	29,650	35,503
North Hill Elementary	-	20,560	33,288	2,741,618
University Hills Elementary	-	2,287,651	3,703,781	6,550,190
Caring Steps Children's Center	-	-	-	155,005
R.A.C.E.	-	-	-	-
Administration Center/District	-	1,774,425	2,872,851	-
Facilities & Grounds	-	308,938	500,180	855,062
Transportation	-	917,699	1,485,784	3,886,198
Total	<u>\$ -</u>	<u>\$ 10,535,870</u>	<u>\$ 17,057,914</u>	<u>\$ 33,407,139</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.

School Service Funds

School Service 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 School Service 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 – School Service Funds

SCHOOL SERVICE FUNDS				
	Final Budget 2018-19	2017-18	Actual 2016-17	2015-16
Revenues				
Local	\$ 95,186	\$ 83,695	\$ 64,006	\$ 62,128
Tuition	434,180	-	-	-
Food Sales	2,231,400	2,272,448	2,264,018	2,620,404
State	120,745	108,192	252,433	62,223
Federal	1,060,000	1,042,077	1,032,573	1,120,095
Total Revenues	<u>3,941,511</u>	<u>3,506,412</u>	<u>3,613,030</u>	<u>3,864,850</u>
Expenditures				
Salaries	60,667	-	-	-
Contracted Services	2,424,577	1,521,860	1,465,365	1,789,009
Supplies	434,273	211,526	145,796	406,245
Food	1,280,000	1,186,843	1,167,982	1,189,059
Capital Outlay	524,704	266,898	15,442	2,072
Miscellaneous	6,858	6,622	7,520	108,111
Fringe Benefits	30,246	-	-	-
Total Expenditures	<u>4,761,325</u>	<u>3,193,749</u>	<u>2,802,105</u>	<u>3,494,496</u>
Other Financing Sources				
Interfund Transfers	<u>327,912</u>	<u>2,912</u>	<u>4,344</u>	<u>50,754</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(491,902)	315,575	815,269	421,108
Fund Balance July 1	1,993,990	1,678,415	863,146	442,038
Fund Balance June 30	<u>\$ 1,502,088</u>	<u>\$ 1,993,990</u>	<u>\$ 1,678,415</u>	<u>\$ 863,146</u>

Summary Next Year Budget with Three Year Forecast – School Service Funds

	SCHOOL SERVICE FUNDS			
	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Revenues				
Local	\$ 1,538,616	\$ 1,494,763	\$ 1,452,169	\$ 1,423,695
Tuition	1,787,671	1,735,603	1,685,051	1,635,972
Food Sales	2,438,311	2,367,292	2,298,342	2,231,400
State	120,745	120,745	120,745	120,745
Federal	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>
Total Revenues	6,945,343	6,778,403	6,616,307	6,471,812
Expenditures				
Salaries	125,349	121,698	118,153	114,712
Contracted Services	3,074,864	2,976,578	2,882,371	2,792,040
Supplies	464,190	453,411	442,892	428,062
Food	1,358,346	1,331,712	1,305,600	1,280,000
Capital Outlay	403,077	353,017	827,958	514,416
Miscellaneous	1,447,291	1,405,204	1,364,342	1,335,139
Fringe Benefits	<u>63,703</u>	<u>61,848</u>	<u>60,047</u>	<u>58,298</u>
Total Expenditures	6,936,820	6,703,468	7,001,363	6,522,667
Other Financing Sources				
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,414,352</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	8,523	74,935	(385,056)	1,363,497
Fund Balance July 1	<u>2,555,464</u>	<u>2,480,529</u>	<u>2,865,585</u>	<u>1,502,088</u>
Fund Balance June 30	\$ <u><u>2,563,987</u></u>	\$ <u><u>2,555,464</u></u>	\$ <u><u>2,480,529</u></u>	\$ <u><u>2,865,585</u></u>

Book Store Fund

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

SCHOOL SERVICE FUND BUDGET - BOOK STORES

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues				
Bookstore Sales	\$ 95,186	\$ 83,695	\$ 64,006	\$ 62,128
Total Revenue	<u>95,186</u>	<u>83,695</u>	<u>64,006</u>	<u>62,128</u>
Expenditures				
Purchased Services	3,966	1,339	993	1,186
Supplies	88,106	71,634	56,385	62,997
Capital Outlay	2,900	4,075	-	-
Total Expenditures	<u>94,972</u>	<u>77,048</u>	<u>57,378</u>	<u>64,183</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	214	6,647	6,628	(2,055)
Fund Balance July 1	<u>75,129</u>	<u>68,482</u>	<u>61,854</u>	<u>63,909</u>
Fund Balance June 30	<u>\$ 75,343</u>	<u>\$ 75,129</u>	<u>\$ 68,482</u>	<u>\$ 61,854</u>

Summary Next Year Budget with Three Year Forecast – Book Store Fund

SCHOOL SERVICE FUND BUDGET - BOOK STORES

	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20
Revenues				
Bookstore Sales	\$ 101,013	\$ 99,032	\$ 97,090	\$ 95,186
Total Revenue	<u>101,013</u>	<u>99,032</u>	<u>97,090</u>	<u>95,186</u>
Expenditures				
Purchased Services	4,209	4,126	4,045	3,966
Supplies	93,498	91,665	89,868	88,106
Capital Outlay	3,077	3,017	2,958	2,900
Total Expenditures	<u>100,784</u>	<u>98,808</u>	<u>96,871</u>	<u>94,972</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	229	224	219	214
Fund Balance July 1	<u>76,000</u>	<u>75,776</u>	<u>75,557</u>	<u>75,343</u>
Fund Balance June 30	<u>\$ 76,229</u>	<u>\$ 76,000</u>	<u>\$ 75,776</u>	<u>\$ 75,557</u>

Food Service Fund

Food service revenue is expected to increase at the rate of inflation. The District contracts its staff through a food service management company. Non-staff expenditures are forecasted to increase at the rate of inflation. Planned improvements in kitchen and cafeterias include the purchase of additional and replacement walk-in coolers and freezers and other kitchen equipment. Net profits are used to maintain and improve food service operations.

The following schedule details the actual and forecasted budgets for the Food Service Fund:

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

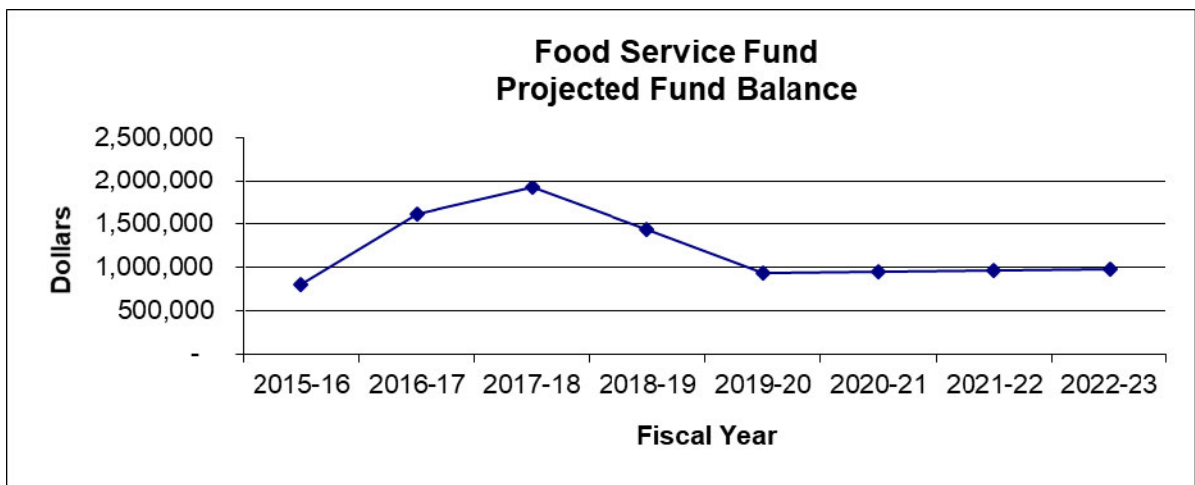
SCHOOL SERVICE FUND BUDGET - FOOD SERVICE

	Final Budget 2018-19	Actual 2017-18	Actual 2016-17	Actual 2015-16
Revenues				
Food Sales	\$ 2,231,400	\$ 2,272,448	\$ 2,264,018	\$ 2,620,404
State	120,745	108,192	252,433	62,223
Federal	1,060,000	1,042,077	1,032,573	1,120,095
Total Revenues	3,412,145	3,422,717	3,549,024	3,802,722
Expenditures				
Purchased Services	1,925,807	1,520,521	1,464,372	1,787,823
Supplies	183,220	139,892	89,411	343,248
Food	1,280,000	1,186,843	1,167,982	1,189,059
Capital Outlay	511,516	262,823	15,442	2,072
Miscellaneous	6,630	6,622	7,520	108,111
Total Expenditures	3,907,173	3,116,701	2,744,727	3,430,313
Other Financing Sources				
Interfund Transfers	2,912	2,912	4,344	50,754
Excess (deficiency) of Revenues Over (Under) Expenditures	(492,116)	308,928	808,641	423,163
Fund Balance July 1	1,918,861	1,609,933	801,292	378,129
Fund Balance June 30	<u>\$ 1,426,745</u>	<u>\$ 1,918,861</u>	<u>\$ 1,609,933</u>	<u>\$ 801,292</u>

Summary Next Year Budget with Three Year Forecast – Food Service Fund

SCHOOL SERVICE FUND BUDGET - FOOD SERVICE

	Budget 2022-23	Budget 2021-22	Budget 2020-21	Budget 2019-20
Revenues				
Food Sales	\$ 2,438,311	\$ 2,367,292	\$ 2,298,342	\$ 2,231,400
State	120,745	120,745	120,745	120,745
Federal	1,060,000	1,060,000	1,060,000	1,060,000
Total Revenues	3,619,056	3,548,037	3,479,087	3,412,145
Expenditures				
Purchased Services	2,043,681	2,003,609	1,964,323	1,925,807
Supplies	194,434	190,622	186,884	183,220
Food	1,358,346	1,331,712	1,305,600	1,280,000
Capital Outlay	-	-	-	511,516
Miscellaneous	7,036	6,898	6,763	6,630
Total Expenditures	3,603,497	3,532,841	3,463,570	3,907,173
Other Financing Sources				
Interfund Transfers	-	-	-	2,912
Excess (deficiency) of Revenues Over (Under) Expenditures	15,559	15,196	15,517	(492,116)
Fund Balance July 1	965,342	950,146	934,629	1,426,745
Fund Balance June 30	<u>\$ 980,901</u>	<u>\$ 965,342</u>	<u>\$ 950,146</u>	<u>\$ 934,629</u>



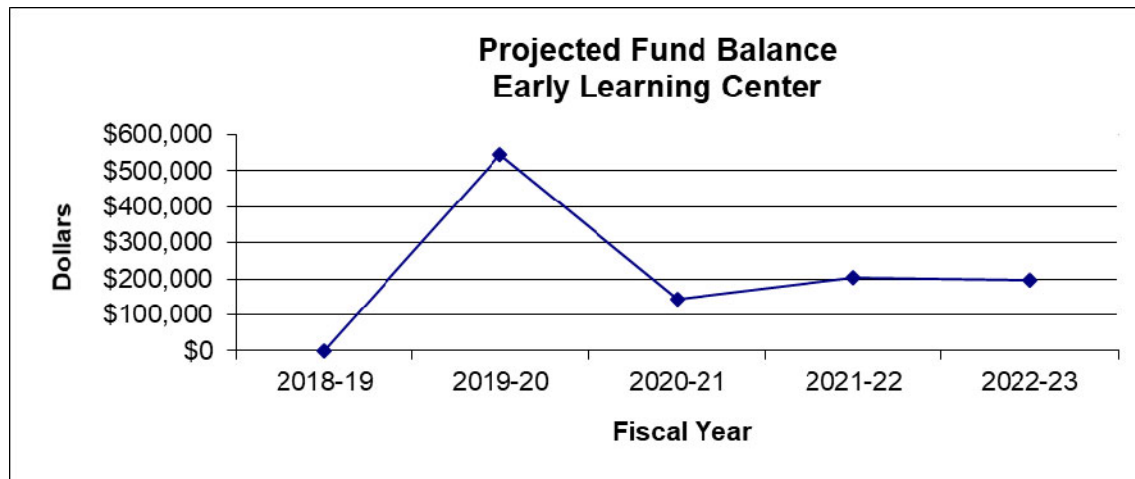
Early Learning Center

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.

Summary Current and Next Year Budgets with Three Year Forecast – Early Learning Center Fund

SCHOOL SERVICE FUND BUDGET - EARLY LEARNING CENTER

	Forecast Budget 2022-23	Forecast Budget 2021-22	Forecast Budget 2020-21	Budget 2019-20	Final Budget 2018-19
Revenues					
Tuition	\$ 1,787,671	\$ 1,735,603	\$ 1,685,051	\$ 1,635,972	\$ 434,180
Total Revenues	1,787,671	1,735,603	1,685,051	1,635,972	434,180
Expenditures					
Salaries	125,349	121,698	118,153	114,712	60,667
Purchased Services	1,026,974	968,843	914,003	862,267	494,804
Supplies	176,258	171,124	166,140	156,736	162,947
Capital Outlay	400,000	350,000	825,000	-	10,288
Miscellaneous	2,652	2,575	2,500	-	228
Fringe Benefits	63,703	61,848	60,047	58,298	30,246
Total Expenditures	1,794,936	1,676,088	2,085,843	1,192,013	759,180
Other Financing Sources					
Interfund Transfers	-	-	-	100,000	325,000
Excess (deficiency) of Revenues Over (Under) Expenditures	(7,265)	59,515	(400,792)	543,959	-
Fund Balance July 1	202,682	143,167	543,959	-	-
Fund Balance June 30	\$ 195,417	\$ 202,682	\$ 143,167	\$ 543,959	\$ -



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 school service fund.

Summary Current and Next Year Budgets with Three Year Forecast – Student/School Activity Fund

SCHOOL SERVICE FUND BUDGET - STUDENT/SCHOOL ACTIVITY

	Forecast Budget 2022- 23	Forecast Budget 2021- 22	Forecast Budget 2020- 21	Budget 2019- 20
Revenues				
Local	\$ 1,437,603	\$ 1,395,731	\$ 1,355,079	\$ 1,328,509
Total Revenues	1,437,603	1,395,731	1,355,079	1,328,509
Miscellaneous	1,437,603	1,395,731	1,355,079	1,328,509
Fringe Benefits	-	-	-	-
Total Expenditures	1,437,603	1,395,731	1,355,079	1,328,509
Other Financing Sources				
Interfund Transfers	-	-	-	1,311,440
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,311,440
Fund Balance July 1	1,311,440	1,311,440	1,311,440	-
Fund Balance June 30	\$ 1,311,440	\$ 1,311,440	\$ 1,311,440	\$ 1,311,440

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 classification s 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 District served approximately 200 students in eight sections of orchestra classes in 2018-19, the first 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	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23
Equipment, Instruments, and Sheet	\$ 147,972	\$ 152,563	\$ 9,151	\$ 165,279	\$ 52,910
Teacher salaries and benefits (2.5 F	89,717	181,881	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>\$ 342,989</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 \$556,780 at June 30, 2019. Following is a schedule of the early retirement incentive liability:

Early Retirement Incentive	
Year Ended June 30,	Amount Due
2020	\$ 242,400
2021	119,560
2022	88,920
2023	46,820
2024	26,880
2025	16,600
2026	14,400
2027	1,200
	<u>\$ 556,780</u>

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Rochester Community Schools Informational Section



Property Tax Values-Assessed and Estimated

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

			Real Property		Personal Property	
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
Fiscal Year						
2022-23	*	Non-homestead	\$ 1,143,098,528	\$ 2,286,197,056	\$ 85,903,082	\$ 171,806,164
		Homestead	4,433,066,512	8,866,133,024	-	-
		Total	5,576,165,040	11,152,330,080	85,903,082	171,806,164
2021-22	*	Non-homestead	\$ 1,120,684,831	\$ 2,241,369,662	\$ 84,218,708	\$ 168,437,416
		Homestead	4,346,143,639	8,692,287,278	-	-
		Total	5,466,828,470	10,933,656,940	84,218,708	168,437,416
2020-21	*	Non-homestead	\$ 1,098,710,619	\$ 2,197,421,238	\$ 82,567,361	\$ 165,134,722
		Homestead	4,260,925,136	8,521,850,272	-	-
		Total	5,359,635,755	10,719,271,510	82,567,361	165,134,722
2019-20	**	Non-homestead	\$ 1,077,167,274	\$ 2,154,334,548	\$ 80,948,393	\$ 161,896,786
		Homestead	4,177,377,584	8,354,755,168	-	-
		Total	5,254,544,858	10,509,089,716	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
2015-16	**	Non-homestead	\$ 885,081,162	\$ 1,770,162,324	\$ 109,797,830	\$ 219,595,660
		Homestead	3,437,594,049	6,875,188,098	-	-
		Total	4,322,675,211	8,645,350,422	109,797,830	219,595,660

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

* Estimated assumes 2% annual growth

**Source: Oakland County Equalization

Property Tax Rates-Assessed and Estimated

ROCHESTER COMMUNITY SCHOOLS PROPERTY TAX RATES			
	Operating Mills*	Debt Mills	Total Mills
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
2015-16	18.0000	6.2000	24.2000

** Millage limitation for school districts within the State of Michigan

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
2019-20*	\$ 19,305,591	\$ -	0.00%	\$ -	\$ -	0.00%
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%
2015-16	16,082,684	15,690,521	97.56%	392,163	16,082,684	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

	2019-20	2018-19	2017-18	2016-17	2015-16
Median Market Value of a Home (1)	\$ 324,611	\$ 254,900	\$ 249,902	\$ 246,874	\$ 242,033
State Equalized Value (SEV) (2)	162,306	127,450	124,951	123,437	121,017
Taxable Value (3)	162,306	127,450	124,951	123,437	121,017
State Education Property Tax (4)	974	765	750	741	726
Debt Retirement (4)	860	766	750	728	750
Property Tax Paid to Schools (4)	1,834	1,531	1,500	1,469	1,476
Increase(decrease) from prior year	303	31	31	(7)	6

(1) Median Housing Value in District

(2) SEV is 50% of market value

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

(4) Millage rates are as follows:

State Education Tax	6.00	6.00	6.00	6.00	6.00
Debt Retirement Fund	5.30	6.01	6.00	5.90	6.20

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

Enrollment

Enrollment is important to the financial health of the district because state funding is based on a per-pupil formula. 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 2018, and projected enrollment through 2023 using the cohort survival method.

Rochester Community Schools Fall Student Enrollment					
			Actual*		
	2014	2015	2016	2017	2018
Elementary Schools:					
Kindergarten	961	991	1,025	1,004	1,019
1st Grade	1,020	1,002	1,013	1,093	1,041
2nd Grade	1,032	1,019	1,039	1,039	1,118
3rd Grade	1,050	1,081	1,030	1,082	1,056
4th Grade	1,094	1,079	1,111	1,080	1,102
5th Grade	1,151	1,109	1,110	1,137	1,093
Total	6,308	6,281	6,328	6,435	6,429
Middle Schools:					
6th Grade	1,093	1,154	1,126	1,137	1,154
7th Grade	1,116	1,131	1,167	1,177	1,151
8th Grade	1,178	1,148	1,171	1,183	1,197
Total	3,387	3,433	3,464	3,497	3,502
High Schools:					
9th Grade	1,155	1,216	1,220	1,207	1,213
10th Grade	1,205	1,189	1,243	1,211	1,214
11th Grade	1,244	1,217	1,184	1,260	1,227
12th Grade	1,227	1,268	1,245	1,216	1,297
Total	4,831	4,890	4,892	4,894	4,951
Alternative Education	27	34	14	40	60
Special Education	433	434	419	437	437
Grand Total	14,986	15,072	15,117	15,303	15,379

*Source: District records

Fall Student Enrollment

			Projected**		
	2019	2020	2021	2022	2023
Elementary Schools:					
Kindergarten	1,006	1,010	1,015	1,011	1,008
1st Grade	1,043	1,044	1,046	1,051	1,049
2nd Grade	1,061	1,065	1,065	1,071	1,069
3rd Grade	1,117	1,081	1,086	1,092	1,089
4th Grade	1,067	1,146	1,107	1,113	1,111
5th Grade	1,108	1,087	1,164	1,136	1,133
Total	6,402	6,433	6,483	6,474	6,459
Middle Schools:					
6th Grade	1,106	1,134	1,108	1,185	1,182
7th Grade	1,177	1,131	1,162	1,137	1,134
8th Grade	1,170	1,192	1,148	1,186	1,183
Total	3,453	3,457	3,418	3,508	3,499
High Schools:					
9th Grade	1,202	1,176	1,197	1,160	1,157
10th Grade	1,200	1,205	1,177	1,200	1,198
11th Grade	1,182	1,202	1,204	1,180	1,177
12th Grade	1,198	1,197	1,218	1,215	1,212
Total	4,782	4,780	4,796	4,755	4,744
Alternative Education	40	40	40	40	40
Special Education	434	434	433	433	433
Grand Total	15,111	15,144	15,170	15,210	15,175

**Source: Decision Insite Enrollment Forecast Report 2019 Conservative Study

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

General Education Fall Student Enrollment
Last Five Years

Building	Grade Level	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018
ACE High School	9-12	86	106	81	66	57
Adams High School	9-12	1,564	1,556	1,634	1,598	1,571
Rochester High School	9-12	1,620	1,551	1,562	1,608	1,641
Stoney Creek High Sch	9-12	1,644	1,601	1,592	1,598	1,632
Hart Middle School	6-8	1,132	1,140	1,144	1,118	1,126
Reuther Middle School	6-8	656	636	673	714	700
Van Hoosen Middle Sch	6-8	845	850	829	865	895
West Middle School	6-8	864	865	887	859	853
Baldwin Elementary	K-5	472	500	526	559	564
Brewster Elementary	K-5	429	431	423	408	402
Brooklands Elementary	K-5	559	547	511	489	481
Delta Kelly Elementary	K-5	562	568	574	556	595
Hamlin Elementary	K-5	400	394	378	388	428
Hampton Elementary	K-5	472	444	449	443	492
Hugger Elementary	K-5	554	536	538	545	543
Long Meadow Element	K-5	567	602	581	580	591
McGregor Elementary	K-5	456	441	448	466	468
Meadow Brook Elemer	K-5	433	407	406	425	428
Musson Elementary	K-5	434	467	480	497	512
North Hill Elementary	K-5	620	580	561	552	529
University Hills Element	K-5	425	451	457	477	472
Total		<u>14,794</u>	<u>14,673</u>	<u>14,734</u>	<u>14,811</u>	<u>14,980</u>

Personnel Resources

Rochester Community Schools
Personnel Resource Allocations

Full-Time Equivalent (FTE)

Position	Actual*			
	2015-16	2016-17	2017-18	2018-19
Teachers	890	893	901	902
Administrators	31	32	32	33
Secretaries	92	90	90	92
Maintenance/Grounds/Technicians	39	42	42	37
Paraprofessionals	280	274	274	272
Executive Staff/Directors	9	10	10	11
Total FTE	<u>1,341</u>	<u>1,341</u>	<u>1,349</u>	<u>1,347</u>

Personnel Resource Allocations

Full-Time Equivalent (FTE)

Position	Projected**			
	2019-20	2020-21	2021-22	2022-23
Teachers	902	902	902	902
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	<u>1,347</u>	<u>1,347</u>	<u>1,347</u>	<u>1,347</u>

Outstanding Bond Issues and Amortization

Debt Retirement Fund Detail Schedule of Bonded Indebtedness June 30, 2019

2012	Refunding Bonds	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
		\$					
		26,980,000					
				11/1/19	\$ -	\$ 96,188	\$ 96,188
			4.50%	5/1/20	<u>4,275,000</u>	<u>96,188</u>	<u>4,371,188</u>
					\$ 4,275,000	\$ 192,376	\$ 4,467,376

The Bonds, as authorized for issuance by resolutions of the Board of Education of the School District adopted on April 16, 2012 and August 13, 2012, are for the purpose of currently refunding that portion of the School District's outstanding 2004 Refunding Bonds, dated August 3, 2004, which are due and payable May 1, 2015 through May 1, 2020, inclusive (the Prior Bonds) and to pay the costs of issuing the Bonds.

Debt Retirement Fund Detail Schedule of Bonded Indebtedness June 30, 2019

2015	Refunding	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
		\$					
		11,435,000					
				11/1/19	\$ -	\$ 23,750	\$ 23,750
			5.00%	5/1/20	<u>950,000</u>	<u>23,750</u>	<u>973,750</u>
					\$ 950,000	\$ 47,500	\$ 997,500

The Bonds, as authorized for issuance by resolutions of the Board of Education of the School District adopted on September 8, 2014 and December 8, 2014, are for the purpose of currently refunding the School District's outstanding 2005 Refunding Bonds, dated October 6, 2005, which are due and payable May 1, 2016 through May 1, 2022 (the Prior Bonds) and to pay the costs of issuing the Bonds.

Debt Retirement Fund
Detail Schedule of Bonded Indebtedness
JUNE 30, 2019

2016 Building & Site	Amount of Issue		Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
	Interest Rate	Date of Final Maturity			
	\$	108,725,000			
		11/1/19	\$ -	\$ 2,444,625	\$ 2,444,625
	5.00%	5/1/20	14,600,000	2,444,625	17,044,625
		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>\$ 99,575,000</u>	<u>\$ 41,230,750</u>	<u>\$ 140,805,750</u>

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

Debt Retirement Fund
Detail Schedule of Bonded Indebtedness
June 30, 2019

Debt Retirement Fund 2016 Building & Site Series II	Date of Issue	Amount of Issue	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
	Interest Rate	Date of Final Maturity			
		5/25/2019	<u>\$ 56,025,000</u>		
		11/1/19	\$ -	\$ 807,358	\$ 807,358
	3.000%	5/1/20	1,995,000	844,909	2,839,909
		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>\$ 56,025,000</u>	<u>\$ 19,543,791</u>	<u>\$ 75,568,791</u>

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

Graduation and Dropout Rates

GRADUATION & ATTENDANCE RATES JUNE 30, 2019

	<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

Free or Reduced Meal Rates

FOOD SERVICE STATISTICS & TRENDS JUNE 30, 2018

	2017-18	2016-17	2015-16	2014-15
School Lunch Program:				
Total Lunches Served	659,619	716,850	712,750	749,590
Free Lunches Served	152,453	159,782	159,535	176,215
% of Free Lunches Total	23%	22%	22%	24%
Reduced Price Lunches Served	20,355	30,359	30,272	32,251
% of Reduced Lunches Total	3%	4%	4%	4%
Paid Lunches Served	486,811	526,709	522,943	541,124
% of Paid Lunches Total	74%	73%	73%	72%
Total Enrollment (October)	15,303	15,104	15,023	14,937
School Breakfast Program:				
Total Breakfasts Served	72,355	81,643	82,527	90,965
Free Breakfasts Served	45,769	52,255	52,882	59,871
% of Free Breakfasts Total	63%	64%	64%	66%
Reduced Price Breakfasts Served	4,330	6,942	7,025	6,014
% of Reduced Breakfasts Total	6%	9%	9%	7%
Paid Breakfasts Served	22,256	22,446	22,620	25,080
% of Paid Breakfasts Total	31%	27%	27%	28%

Source: Meal counts are based upon data collected at the local district level, reported to the Michigan Department of Education.

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, 2019

	<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

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

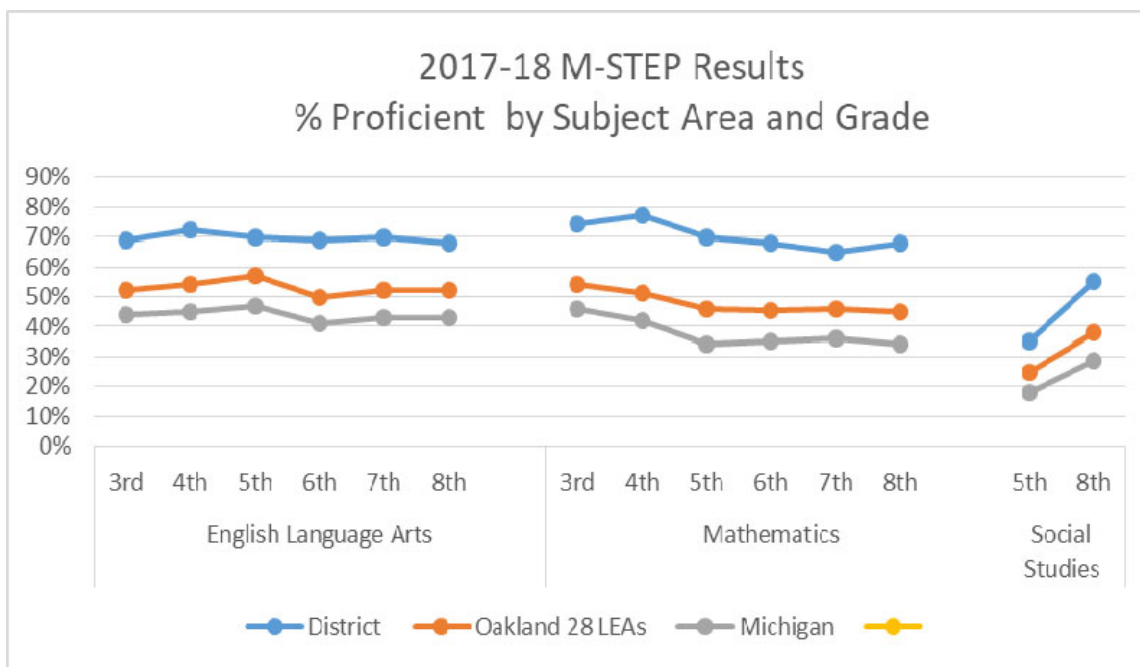
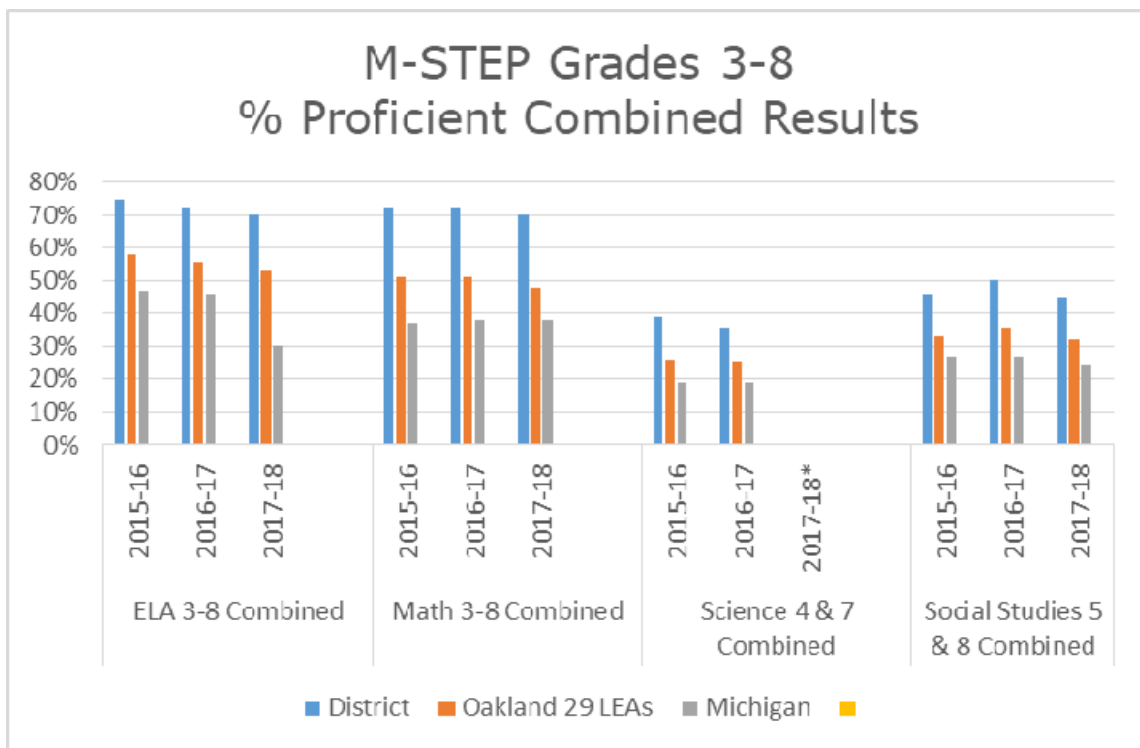
State assessments measure student progress with content standards and career/college readiness goals. In grades 3-7, students are given the on-line Michigan Student Test of Educational Progress (M-STEP) test, to measure knowledge of state standards in English language arts (ELA) and mathematics. Science 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). The spring 2019 Michigan Assessment Schedule is as follows:

Grade	Assessments Used and Content Areas Assessed	Testing Window
3,4,6,7	M-STEP Mathematics and English Language Arts (ELA)	April 29 through May 24
5	M-STEP Mathematics, ELA, Science Field Test, and Social Studies	April 8 through May 3
8	M-STEP Science Field Test and Social Studies	April 8 through May 3
	PSAT 8/9	April 9 (initial) April 10-16 and 23-24 (makeup)
9, 10	PSAT	April 9 (initial) April 10-16 and 23-24 (makeup)
11 MME	M-STEP Science Field Test and Social Studies	April 8 through May 3
	SAT	April 9 (initial) and April 23 (makeup)
	ACT Work Keys	April 10 (initial) and April 24 (makeup)
3-8, 11	MI-Access Alternate Assessment ELA and Mathematics	April 8 through May 24
4,7 11	MI-Access Science	
5,8 11	MI-Access Social Studies	
K-12	WIDA for students who are learning the English language	February 4 through March 22

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 results by subject and grade:



The MI-School system-generated peer district comparison offers a list of districts that are similar to the Rochester Community Schools district based on four existing portal fields:

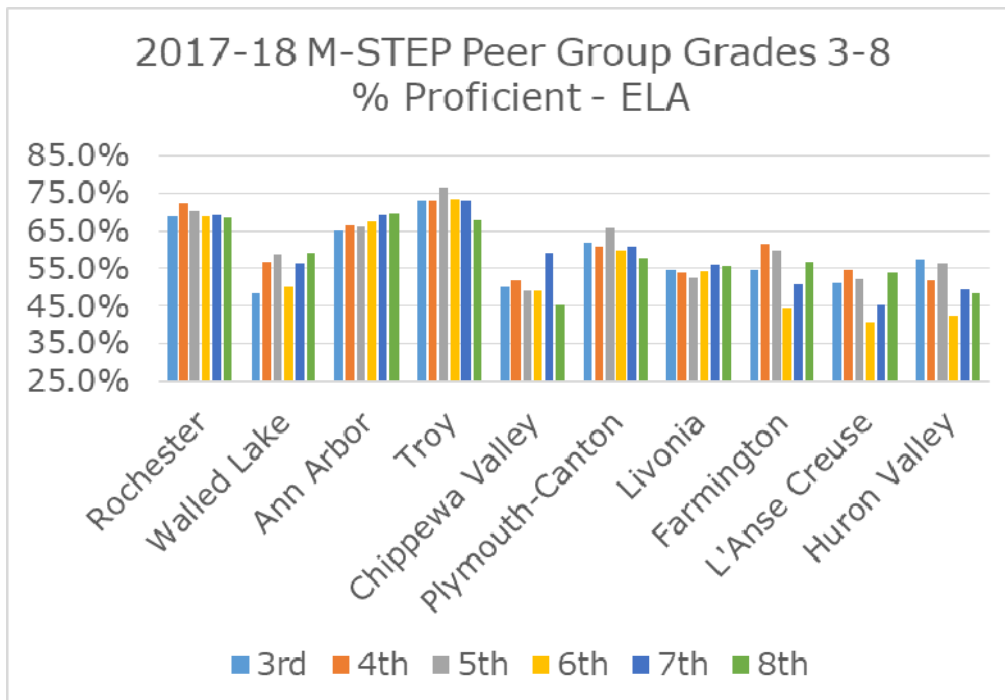
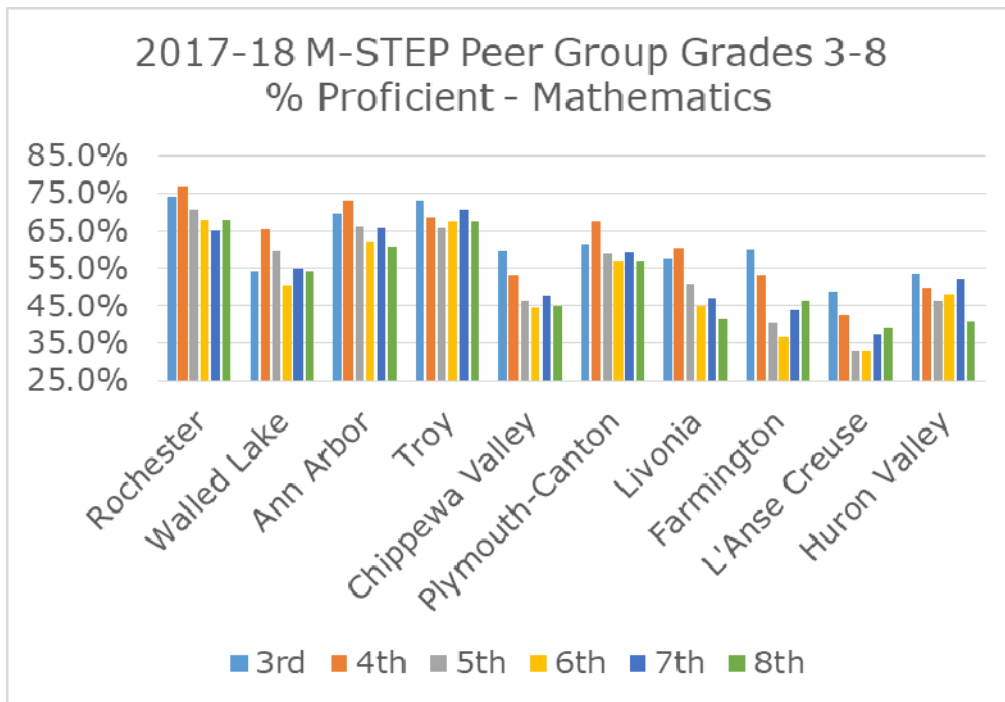
K-12 enrollment

Percent economically disadvantaged (eligibility for free and reduced price lunch)

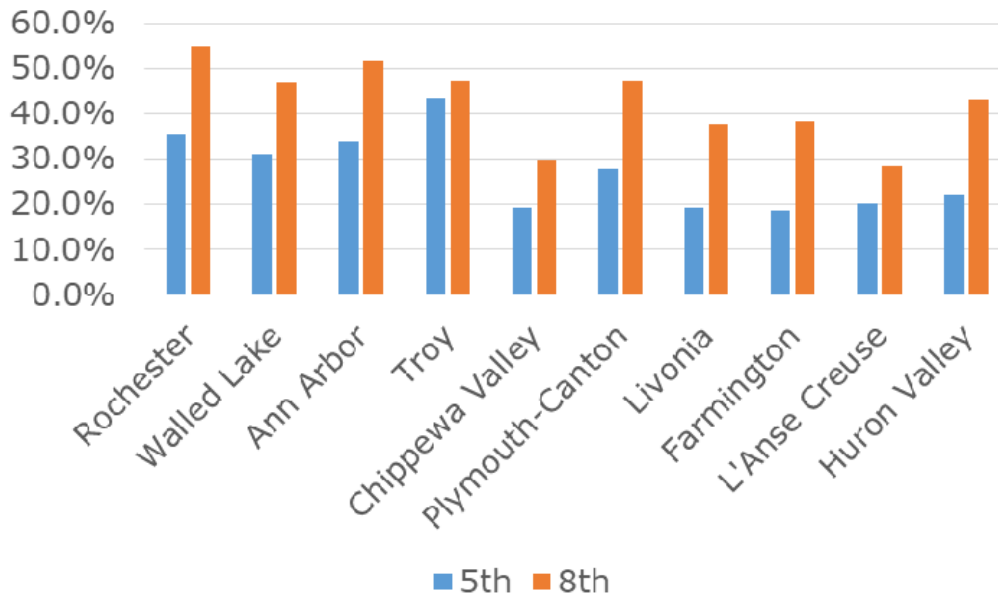
Pupil-Teacher ratio

Total Instructional Expenditures Per-Pupil.

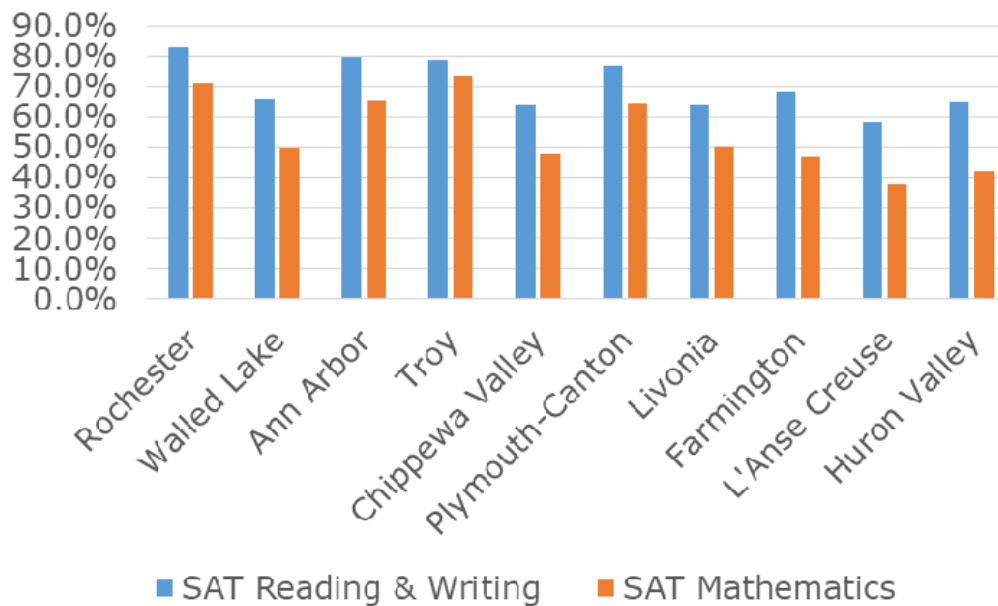
A comparison of the percentage of students testing proficient on the M-STEP subjects tested by peer districts is illustrated as follows:



2017-18 M-STEP Peer Group Grades 3-8
% Proficient - Social Studies



2017-18 SAT College Readiness
% Meeting College Readiness



Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

School Lunch Fund – The special revenue fund used by the district to account for the food service activities of the district as required by State and Federal law.

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

Self-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.

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.

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