

ROCHESTER COMMUNITY SCHOOLS

Annual Budget For the Fiscal Year Ended June 30, 2019



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

Proposed 2018-19 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



Sandra Fiaschetti, President

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



Kristin Bull, Vice President

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

Term 2020



Michael Zabat, Treasurer

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

Term 2020



Michelle Bueltel, Secretary

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

Term 2018



Andrea Walker-Leidy, Trustee

Andrea earned a Bachelor of Science degree in English from Rochester College. In addition to serving as Development Director for Meadow Brook Theatre, she also manages a publicity and marketing firm. Andrea was named 2010 Young Professional of the Year by the Rochester Regional Chamber of Commerce and was recognized as Oakland County Executive L. Brooks Patterson's Elite 40 Under 40 in 2016. Andrea and her family have been Rochester residents for nine years.

Term 2018



Kevin Beers, Trustee

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



Barb Anness, Trustee

Barb Anness 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 2018

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

Executive Director of Special Education
Anne Evans

Assistant Superintendent for Secondary Education
Carrie Lawler

Assistant Superintendent for Elementary Education
Pamela Jones

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 18, 2018

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

This document contains the fiscal year 2018-19 recommended budgets for adoption and a revised budget for fiscal year 2017-18. 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

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 \$200. 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 second 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 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 2018-19:

2018-19 Budget Calendar					
				Board of Education	
Superintendent & Assistant Superintendent for Business	Cabinet Members	Instructional Leadership Team	Superintendent Business & Operations Advisory Committee	Work Session Review	Adoption & Amendments
3/6/2018	3/13/2018 3/20/2018	4/18/2018	5/14/2018	5/21/2018 5/30/2018*	6/18/2018 11/12/2018 3/18/2019 6/20/2019

* 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 2018-19 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 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.

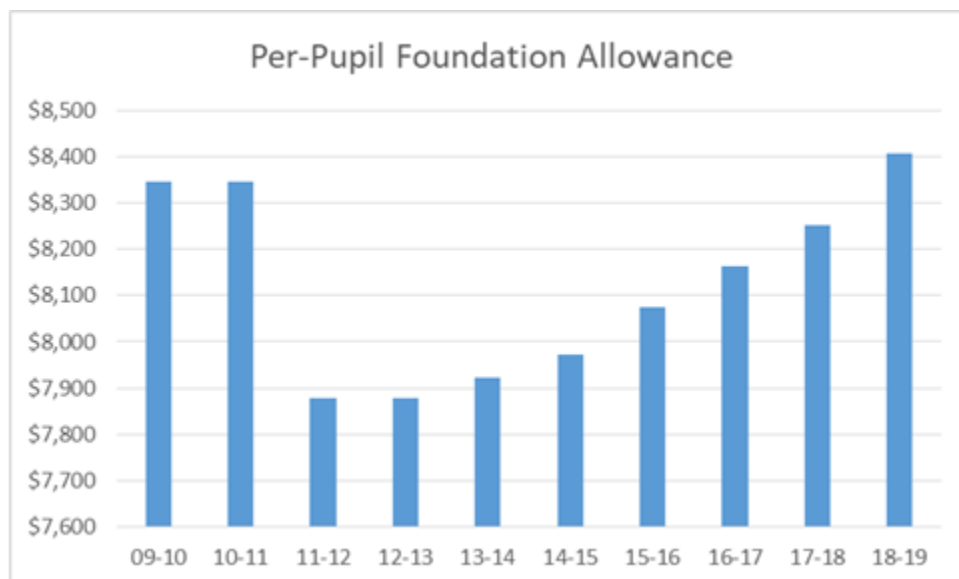
Clear, timely, honest, transparent, and accessible communication engages every stakeholder in building a culture of trust through action. The RCS *Talk to Us* online portal is available to provide families with timely response to concerns and questions. RCS is maximizing efficiency and effectiveness 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 2018-19 adopted budget reflects the Board's commitment to its mission and objectives.

Summary of Revenues – All Funds

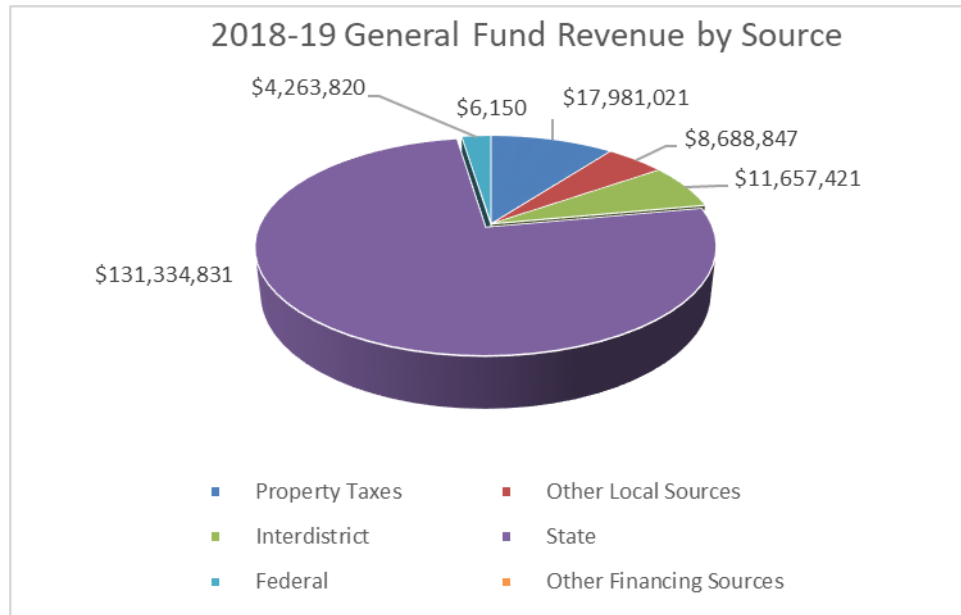
General Fund

The district's operating costs are predominately funded by State Aid which has increased on a per-pupil basis at a modest rate since 2013. The per-pupil allowance increased by \$153 to \$8,404 for the 2018-19 school year.

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:

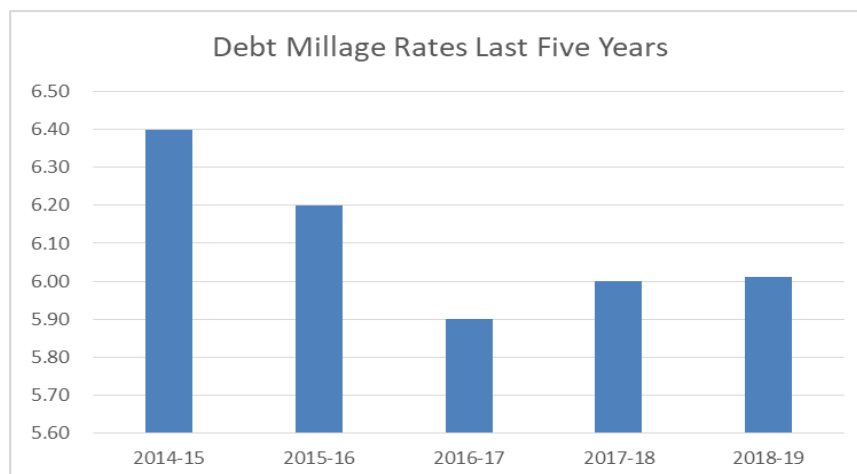


Capital Projects Funds

The Capital Projects Fund includes School Building and Site Bonds issued in February 2016. The bonds will be issued in two series to fund construction projects over the next five years. 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 will be issued in the spring of 2019 in the amount of \$57 million, for a total of \$185 million. The district currently levies 6.01 mills to service bonded debt. The following chart illustrates debt millage rates over the last five years:



Special Service Funds

The Special Service Funds include Book Store, Food Service and Early Learning. The Book Store Fund and Food Service Fund generate revenue from goods and food sales respectively. The Early Learning Fund generates revenue from tuition. 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:

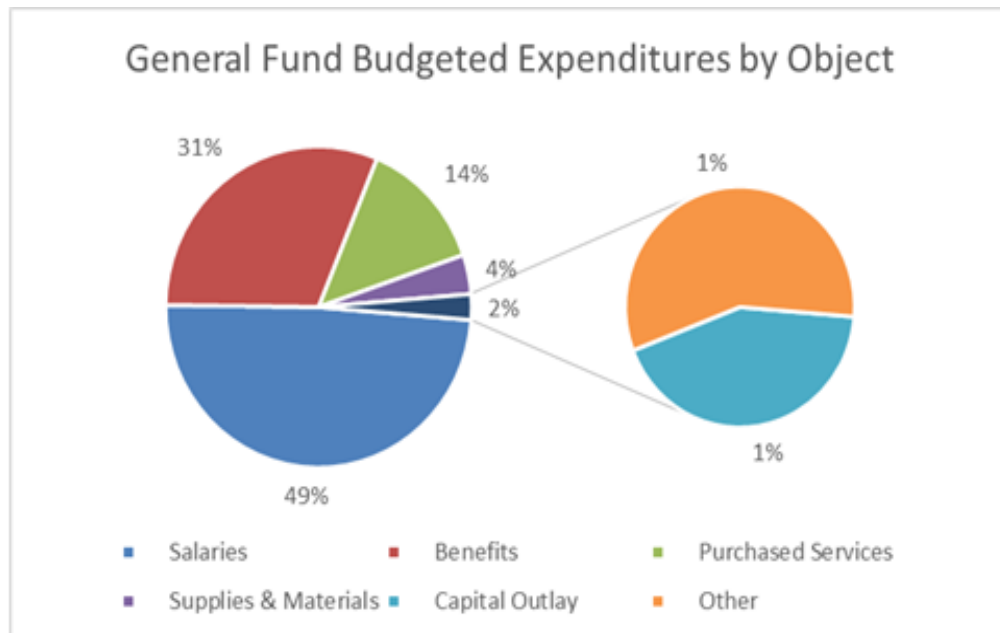
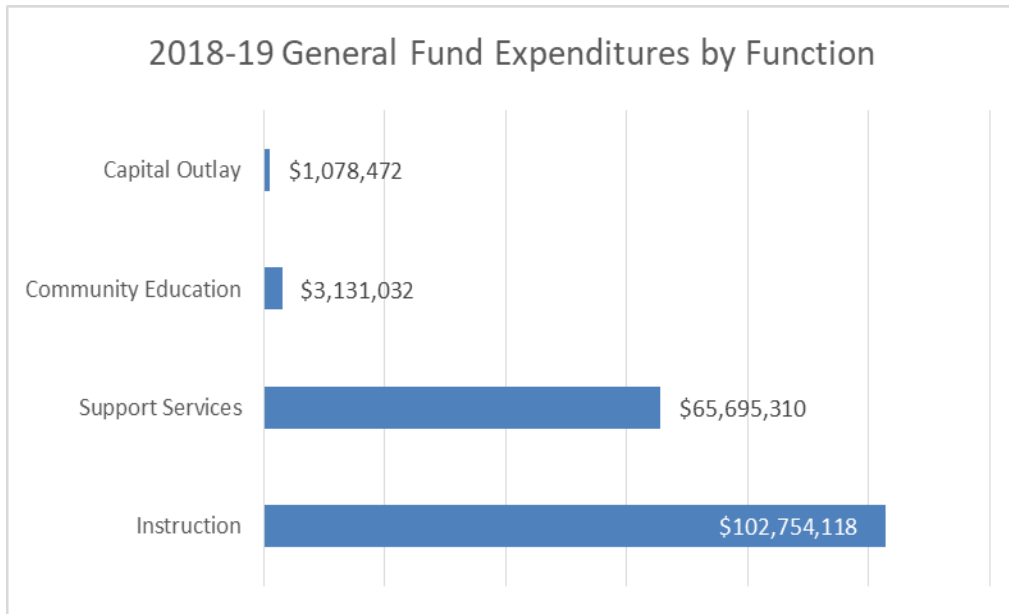
<u>Governmental Funds</u>	2018-19	2017-18	2016-17
	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General Fund			
Property Taxes	\$ 17,981,021	\$ 17,643,526	\$ 17,155,244
Other Local Sources	8,688,847	9,144,527	9,344,804
Interdistrict	11,657,421	11,657,421	11,179,573
State	131,334,831	130,910,092	127,135,419
Federal	4,263,820	4,263,820	4,544,898
Other Financing Sources	6,150	6,150	7,306
Total General Fund	<u>173,932,090</u>	<u>173,625,536</u>	<u>169,367,244</u>
Debt Retirement Fund			
Property Taxes	29,788,719	28,341,210	26,687,770
Interest Income	<u>20,383</u>	<u>20,383</u>	<u>24,338</u>
Total Debt Retirement	<u>29,809,102</u>	<u>28,361,593</u>	<u>26,712,108</u>
Capital Projects Funds			
Interest	<u>300,000</u>	<u>505,394</u>	<u>875,598</u>
Total Capital Projects	<u>300,000</u>	<u>505,394</u>	<u>875,598</u>
School Service Funds			
Food Sales	2,366,012	2,366,012	2,264,018
State	125,323	125,323	252,433
Federal	1,115,000	1,115,000	1,032,573
Bookstore	82,050	82,050	64,006
Early Learning Center	2,578,160	-	-
Inter-fund Transfer	<u>-</u>	<u>-</u>	<u>4,344</u>
Total School Service	<u>6,266,545</u>	<u>3,688,385</u>	<u>3,617,374</u>
Total Revenue	\$ <u>210,307,737</u>	\$ <u>206,180,908</u>	\$ <u>200,572,324</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 graph illustrates 2018-19 General Fund budgeted expenditures by function and object:

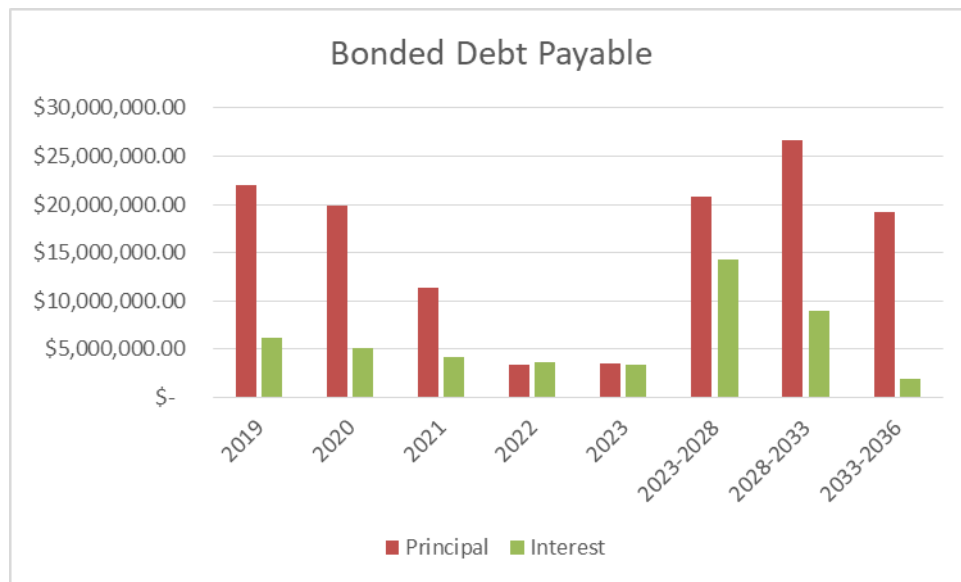


Debt Service Fund

The five outstanding bond issues at June 30, 2018 are as follows:

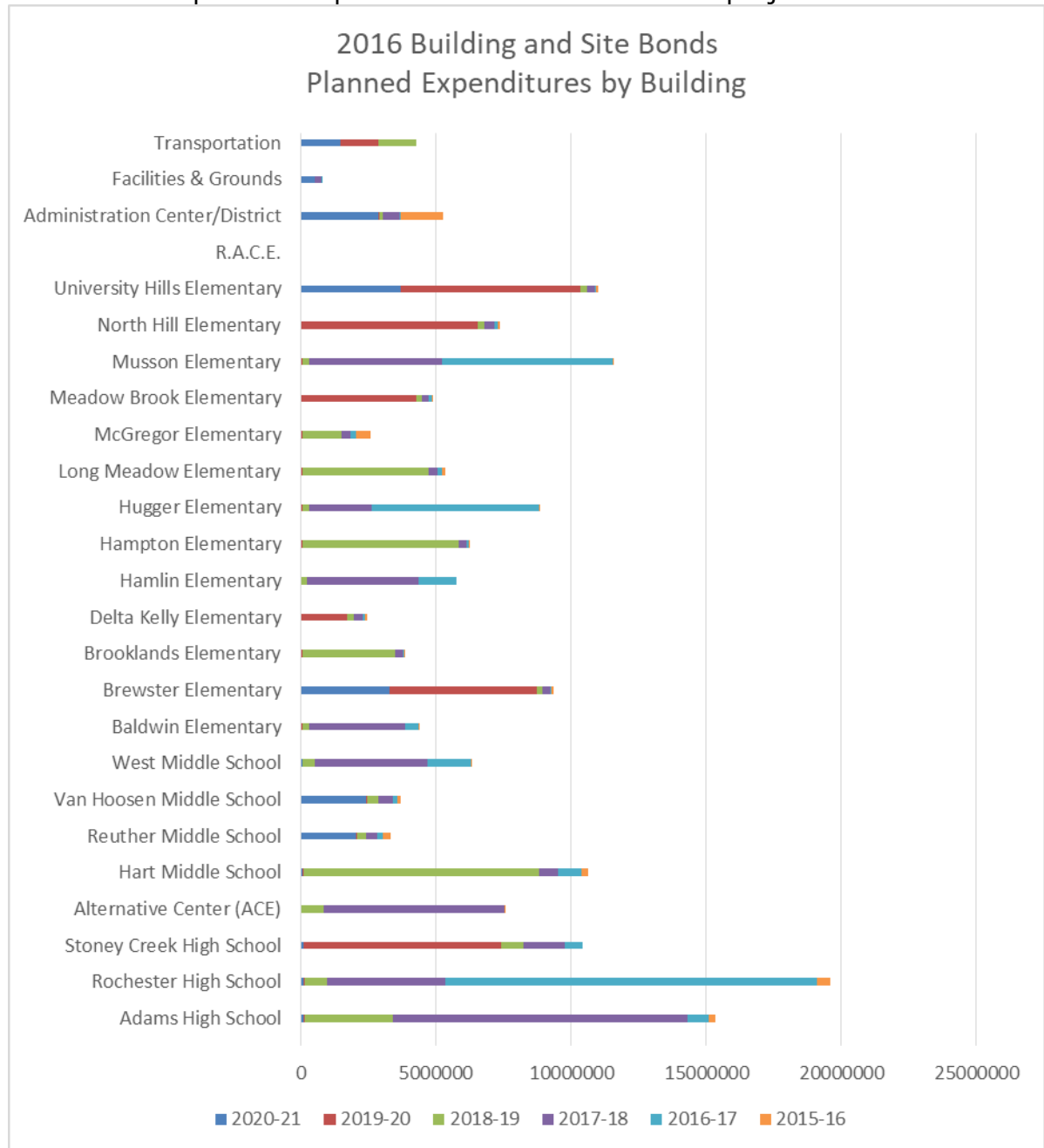
\$100,575,000 1997 Building and Site Bonds, due in annual installments ranging from \$3,000,000 to \$7,500,000 through May 2019; interest from 4.55% to 5.00%	\$ 7,500,000
\$26,980,000 2012 Refunding Bonds, due in annual installments ranging from \$430,000 to \$4,625,000 through May 2020; interest from 3.00% to 4.50%	8,600,000
\$47,465,000 2014 Refunding Bonds, due in annual installments ranging from \$4,585,000 to \$15,235,000 through May 2020; interest is 4.00%	5,045,000
\$11,435,000 2015 Refunding Bonds, due in annual installments ranging from \$900,000 to \$7,785,000 through May 2020; interest is 5.00%	1,850,000
\$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%	103,775,000
	<u>\$ 126,770,000</u>

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



Capital Projects Funds

Expenditures in the 2016 Building and Site Fund include facility, site, furniture, and equipment improvements on a district-wide basis. Capital Projects are expected to continue through 2021. 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 will begin operating an Early Learning program in the fall of 2018. This program will serve children aged 0 – 6 and will receive 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.

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

<u>Governmental Funds</u>	2018-19	2017-18	2016-17
	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General Fund			
Salaries	\$ 84,489,904	\$ 85,518,065	\$ 82,960,970
Benefits	53,620,612	52,320,986	51,268,319
Purchased Services	23,332,493	22,352,229	18,110,841
Supplies & Materials	6,847,827	6,779,313	6,796,879
Capital Outlay	1,903,792	3,487,333	1,370,117
Other	<u>2,541,804</u>	<u>2,539,804</u>	<u>2,418,751</u>
Total General Fund	172,736,432	172,997,730	162,925,878
Debt Retirement Fund			
Principal Payments	21,970,000	21,160,000	18,065,000
Interest & Other Fees	<u>7,182,325</u>	<u>7,181,952</u>	<u>9,003,378</u>
Total Debt Fund	29,152,325	28,341,952	27,068,378
Capital Projects Fund			
Capital Projects	<u>37,674,551</u>	<u>46,169,672</u>	<u>33,562,362</u>
Total Capital Projects	37,674,551	46,169,672	33,562,362
Special Services Funds			
Salaries	570,981	-	-
Purchased Services	3,349,803	1,897,236	1,465,365
Supplies & Materials	1,864,990	1,699,170	1,313,778
Capital Outlay	110,000	1,138,783	15,442
Fringe Benefits	339,745	-	-
Other	<u>11,630</u>	<u>6,630</u>	<u>7,520</u>
Total School Service	<u>6,247,149</u>	<u>4,741,819</u>	<u>2,802,105</u>
Total All Funds	<u>\$ 245,810,457</u>	<u>\$ 252,251,173</u>	<u>\$ 226,358,723</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

	2018-19 Budget	2017-18 Final Budget	2016-17 Actual
Fund Balances			
General Fund	\$ 30,725,877	\$ 29,530,219	\$ 28,902,414
Debt Service	3,161,897	2,505,120	2,485,279
Capital Projects	8,239,762	45,614,313	91,278,591
School Service	644,377	624,981	1,678,415
	<u>\$ 42,771,913</u>	<u>\$ 78,274,633</u>	<u>\$ 124,344,699</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 activity of real estate listings in the first half of 2018 was lower than in 2016, and is approximately equal to 2017 volumes. Sales numbers for all three years are similar; however, the price of homes bought and sold has increased while the number of homes bought and sold in the \$0-\$350,000 range have declined by approximately 25% between 2017 and 2018. It is estimated that the inventory of available affordable housing for families (under \$350,000) represents only 12% of the current available listings.

Budget Forecasts

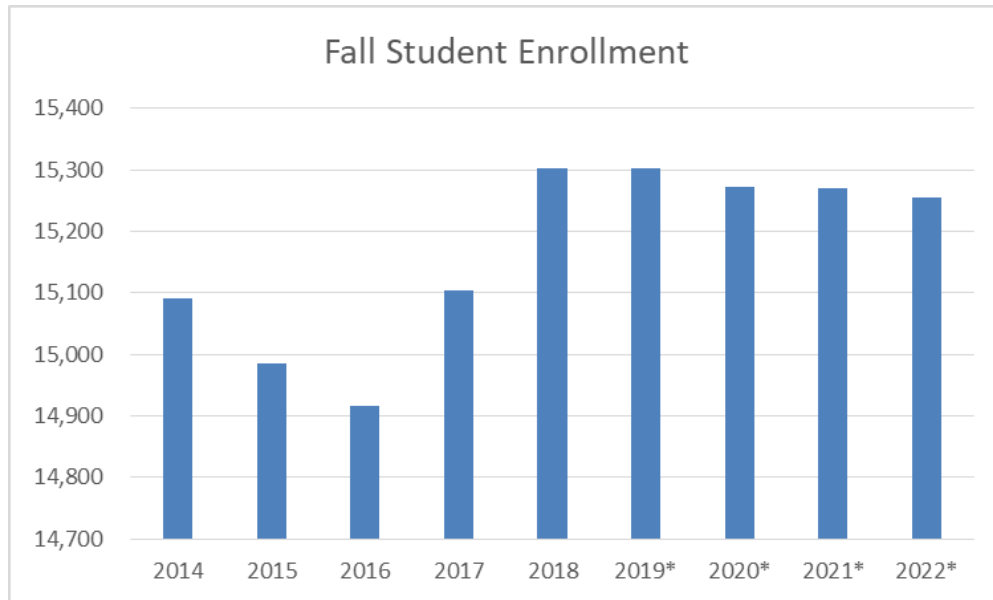
Three-year budget forecasts for all governmental funds are summarized as follows:

	Budget Forecast 2018-19	Budget Forecast 2019-20	Budget Forecast 2020-21	Budget Forecast 2021-22
<u>General Fund</u>				
Revenue	\$ 173,932,090	\$ 174,821,627	\$ 175,965,549	\$ 177,378,994
Expenditures	172,736,432	173,920,604	175,439,480	176,841,020
Change in fund balance	1,195,658	901,023	526,069	537,974
Fund balance - July 1	29,530,219	30,725,877	31,626,900	32,152,969
Fund balance - June 30	\$ 30,725,877	\$ 31,626,900	\$ 32,152,969	\$ 32,690,943
<u>Debt Retirement Fund</u>				
Revenue	\$ 29,809,102	\$ 27,133,522	\$ 19,933,452	\$ 11,352,365
Expenditures	29,152,325	27,202,238	19,443,575	11,005,200
Change in fund balance	656,777	(68,716)	489,877	347,165
Fund balance - July 1	2,505,120	3,161,897	3,093,181	3,583,058
Fund balance - June 30	\$ 3,161,897	\$ 3,093,181	\$ 3,583,058	\$ 3,930,223
<u>Capital Projects Fund</u>				
Revenue	\$ 300,000	\$ 57,570,000	\$ 160,860	\$ 76,375
Expenditures	37,674,551	33,637,702	17,057,914	15,351,381
Change in fund balance	(37,374,551)	23,932,298	(16,897,054)	(15,275,006)
Fund balance - July 1	45,614,313	8,239,762	32,172,060	15,275,006
Fund balance - June 30	\$ 8,239,762	\$ 32,172,060	\$ 15,275,006	\$ -
<u>School Service Funds</u>				
Revenue	\$ 6,266,545	\$ 6,734,160	\$ 7,206,423	\$ 7,383,902
Expenditures	6,247,149	6,727,602	7,185,680	7,389,019
Change in fund balance	19,396	6,558	20,743	(5,117)
Fund balance - July 1	624,981	644,377	650,935	671,678
Fund balance - June 30	\$ 644,377	\$ 650,935	\$ 671,678	\$ 666,561

Student Enrollment

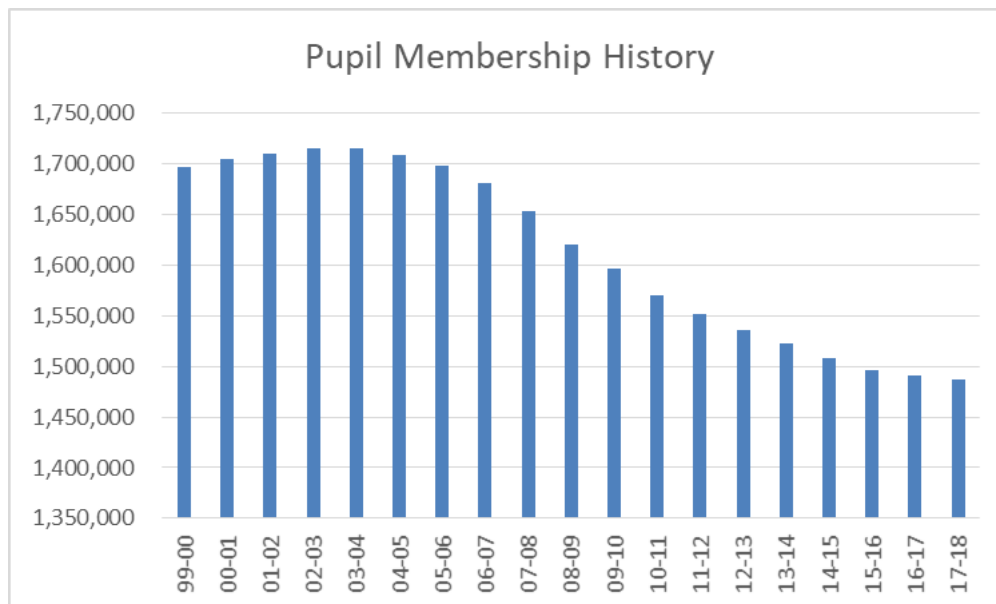
The district expects enrollment to remain flat for the 2018-19 school year. Rochester Community Schools is a Michigan public school district geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

Actual and projected fall student enrollment is illustrated as follows:



*Projected

State-wide student enrollment decreased between 2002-03 and 2017-18 (the most current available data) by approximately 228,367 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.

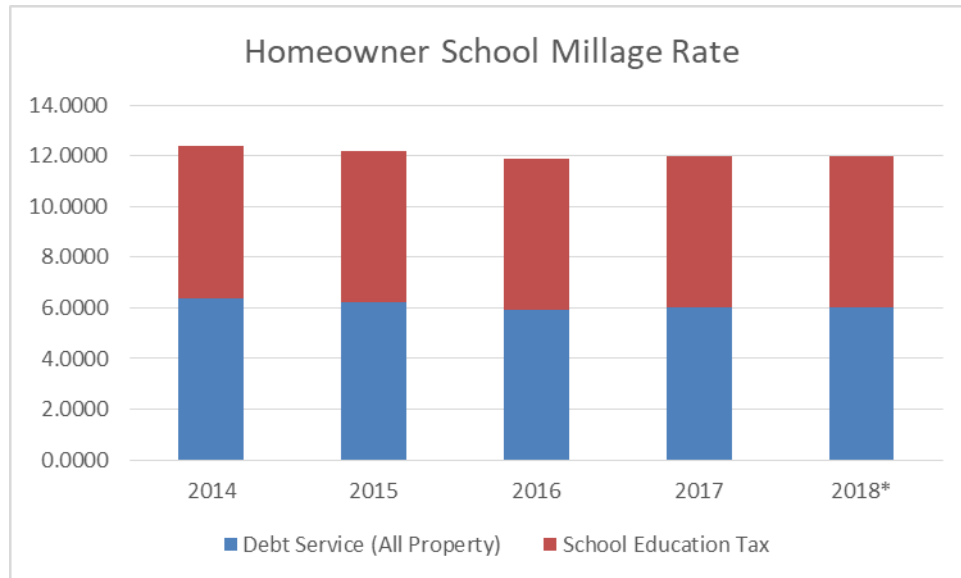
Districts are authorized by the State to levy up to 18 mills on non-homestead property located within their boundaries, which includes apartment buildings, rental homes, vacation property, vacant land, and commercial and industrial property; however, the Headlee amendment of 1978 included a provision 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 19.0665 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)			
2014	4,144,270,780	790,024,980	18.0000	6.4000	24.4000
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

* Estimated

The current homeowner millage rate totals 12.01 mills which includes a state education tax of 6 mills and a debt levy of 6.01 mills. District millage rates for the last five years can be illustrated as follows:



Personnel Resources

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

Actual staffing levels:

Full-Time Equivalent (FTE)

Position	Actual*			
	2014-15	2015-16	2016-17	2017-18
Teachers	950	890	893	901
Administrators	31	31	32	32
Secretaries	86	92	90	90
Maintenance/Grounds/Technicians	41	39	42	42
Paraprofessionals	351	280	274	274
Executive Staff/Directors	11	9	10	10
Total FTE	1,470	1,341	1,341	1,349

Projected staffing levels:

Full-Time Equivalent (FTE)

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

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 6.01 mills for debt retirement.

The following is a summary of bonded debt transactions for the year ended June 30, 2018:

Balance July, 1, 2017	\$ 147,930,000
Retirements and Payments	21,160,000
Balance June 30, 2018	<u>\$ 126,770,000</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, in April of 2016, the district 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 were 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 2017–2018.

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



A handwritten signature in black ink, reading 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

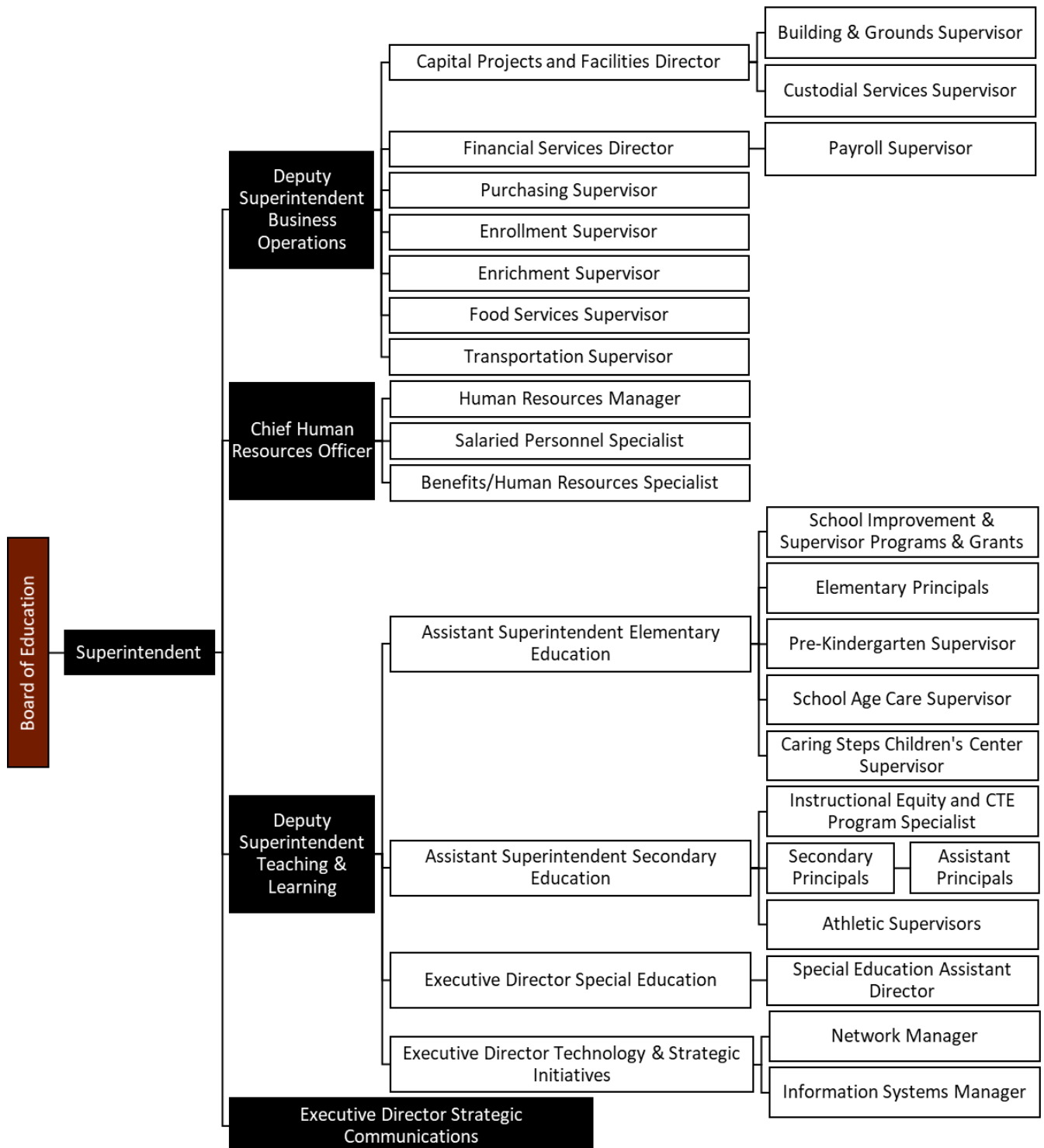
John D. Musso, CAE, RSBA
Executive Director

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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:

<u>Name</u>	<u>Position</u>	<u>Term</u>
Sandra Fiaschetti	President	2022
Kristin Bull	Vice President	2020
Michael Zabat	Treasurer	2020
Michelle Bueltel	Secretary	2018
Barbara Anness	Trustee	2018
Kevin Beers	Trustee	2022
Andrea Walker-Leidy	Trustee	2018

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 sixth 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 2017 enrollment by building is as follows:

<u>Building & Grade Level</u>	<u>Number of Students</u>
Elementary Grades K-5	
Baldwin Elementary	576
Brewster Elementary	411
Brooklands Elementary	491
Delta Kelly Elementary	608
Hamlin Elementary	437
Hampton Elementary	503
Hugger Elementary	555
Long Meadow Elementary	604
McGregor Elementary	478
Meadow Brook Elementary	437
Musson Elementary	523
North Hill Elementary	540
University Hills Elementary	482
Total Elementary	6,645
Middle School Grades 6-8	
Hart Middle School	1,150
Reuther Middle School	715
Van Hoosen Middle School	914
West Middle School	871
Total Middle School	3,651
High School Grades 9-12	
ACE High School	58
Adams High School	1,605
Rochester High School	1,676
Stoney Creek High School	1,667
Total High School	5,007
Total District-Wide	15,303

Fall 2017 enrollment totaled 15,303 Full-Time Equivalent (FTE) students. The following table illustrates student enrollment by grade and category:

<u>Grade/Category</u>	<u>FTE</u>
Elementary Schools:	
Kindergarten	1,004
1st Grade	1,093
2nd Grade	1,039
3rd Grade	1,082
4th Grade	1,080
5th Grade	<u>1,137</u>
Total	6,435
Middle Schools:	
6th Grade	1,137
7th Grade	1,177
8th Grade	<u>1,183</u>
Total	3,497
High Schools:	
9th Grade	1,217
10th Grade	1,221
11th Grade	1,270
12th Grade	<u>1,226</u>
Total	4,934
Special Education	<u>437</u>
Grand Total	<u><u>15,303</u></u>

The district enrollment has remained steady with growth of approximately 190 student FTE since the fall of 2013. The District's most recent enrollment study projects stable enrollment through the fall of 2022.

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		
	2018-19	2017-18	2016-17	2015-16	2014-15
Unassigned Fund Balance	30,725,877	29,530,219	28,902,413	22,461,046	16,148,646
Expenditures & Transfers	172,736,432	172,997,730	162,921,534	160,079,350	159,799,621
% Unassigned	17.79%	17.07%	17.74%	14.03%	10.11%

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 \$200. 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 2017-18 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

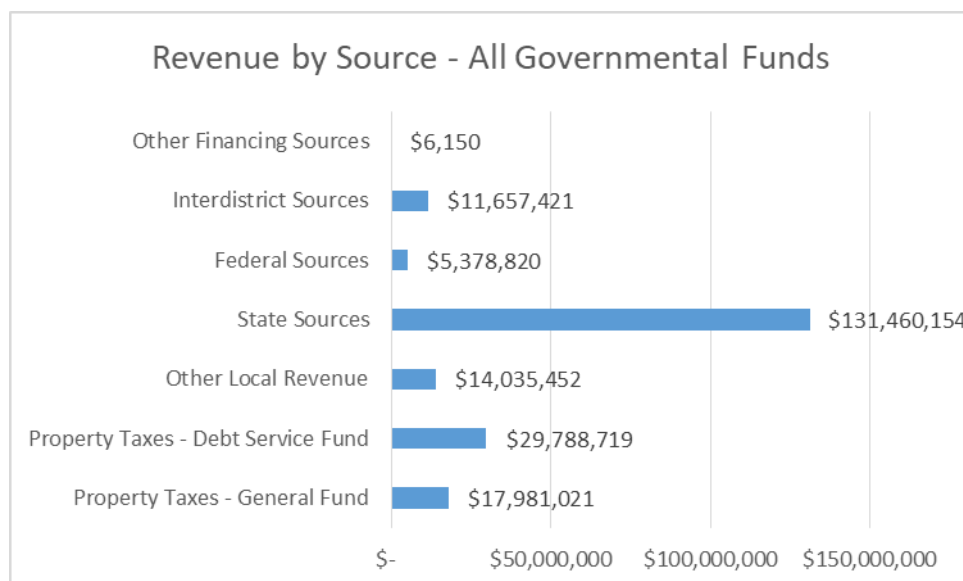
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$25.4 million in 2017-18, or approximately 19.4% 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 \$17.2 and \$17.6 million in 2016-17 and 2017-18 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 2018-19 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 2018-19	Final Budget 2017-18	Actual 2016-17
Basic Instruction	\$ 6,721	\$ 6,616	\$ 6,654
Pupil	957	952	960
Instructional Staff	529	499	439
General Administration	78	77	65
School Administration	566	559	541
Business Services	142	132	111
Operations & Maintenance	909	886	768
Transportation	496	486	447
Central Services	446	528	430
Other Support	175	175	155
Community Education	205	203	216
Debt Service & Capital Outlay	76	203	9
	<u>\$ 11,300</u>	<u>\$ 11,316</u>	<u>\$ 10,795</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	8/31/2019
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	6/30/2018
Executive Staff/Directors	Local Contracts	6/30/2018

The following support services are contracted: Food Services, Custodial and Grounds Support, and Student Transportation Services.

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 \$13.0 million for the year ended June 30, 2018.

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, 2018 totaled \$31.2 million.

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

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

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

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

The following table illustrates that general fund comprises 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, 2018 (Estimated)	% of Total	June 30, 2017 (Actual)	% of Total
General Fund	\$ 172,997,730	69%	\$ 162,921,534	72%
Debt Retirement Fund	28,341,952	11%	27,068,378	12%
Capital Projects Fund	46,169,672	18%	33,562,362	15%
School Service Funds	4,663,819	2%	2,802,105	1%
Total	<u>\$ 252,173,173</u>	<u>100%</u>	<u>\$ 226,354,379</u>	<u>100%</u>

	Fund Balances (in millions)			
	June 30, 2018 (Estimated)	% of Total	June 30, 2017 (Actual)	% of Total
General Fund	\$ 29,530,219	38%	\$ 28,902,413	23%
Debt Retirement Fund	2,505,120	3%	2,485,279	2%
Capital Projects Fund	45,614,313	58%	91,278,591	73%
School Service Funds	624,981	1%	1,678,415	1%
Total	<u>\$ 78,274,633</u>	<u>100%</u>	<u>\$ 124,344,698</u>	<u>100%</u>

Capital Projects

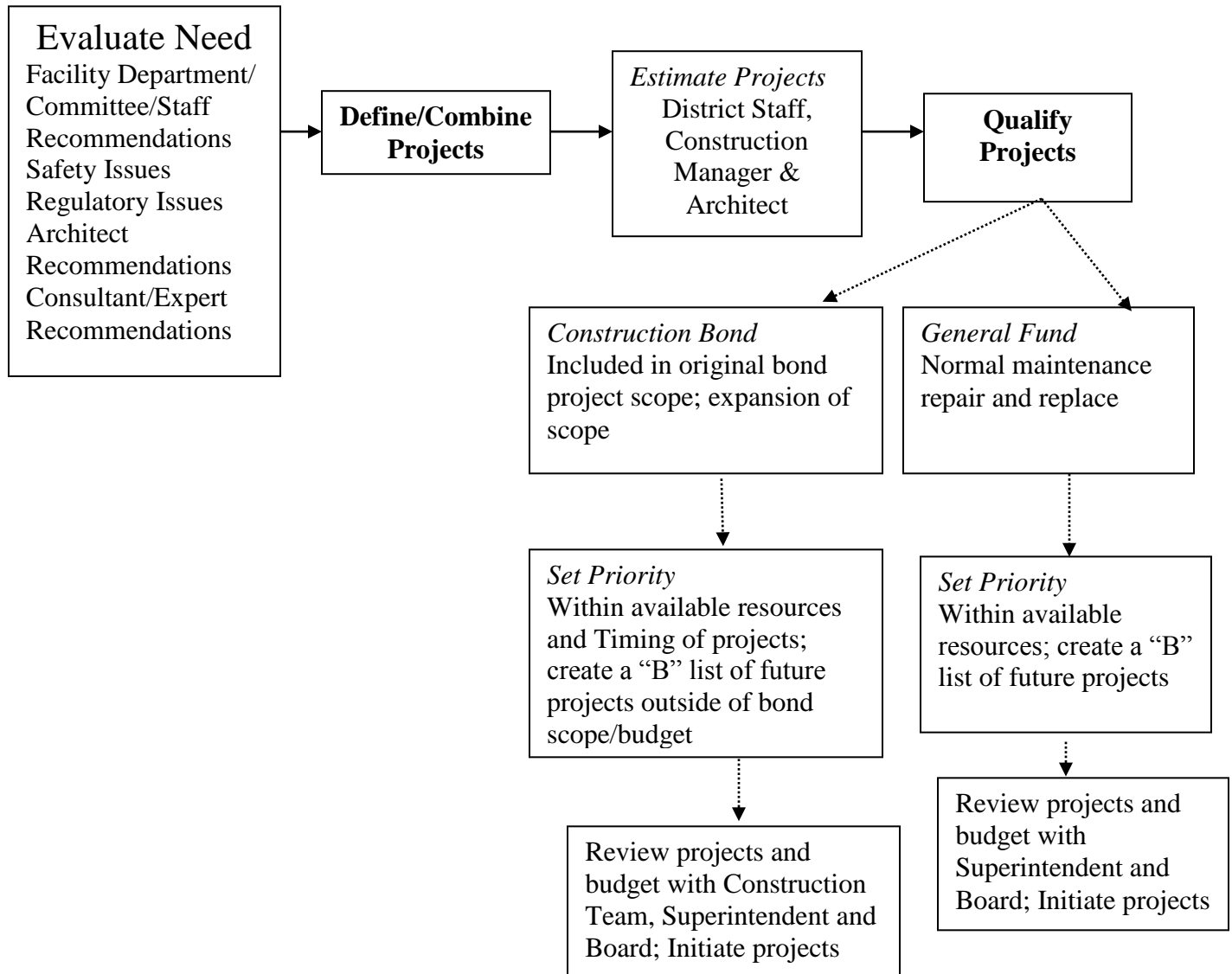
The district's Capital Projects Fund is used to account for the proceeds of the 2016 Building and Site bond issue, which includes repair and replacement of buildings and equipment, site improvement, building additions and buses.

The following table illustrates the planned Capital Projects Fund expenditures by category for 2018-19:

<u>Project</u>	<u>Budget</u>
Buildings & Addition	\$ 26,684,301
Furniture & Equipm	4,342,296
Site Improvements	4,005,190
Other	2,642,764
	<u>\$ 37,674,551</u>

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

Budget Development Flowchart

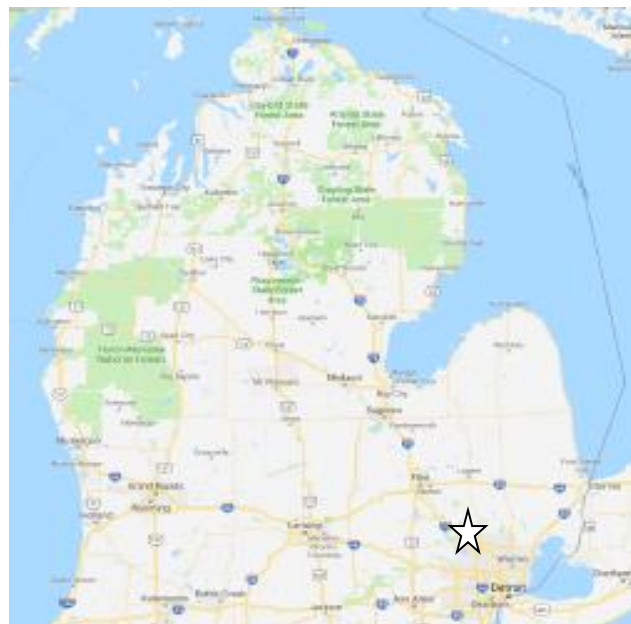
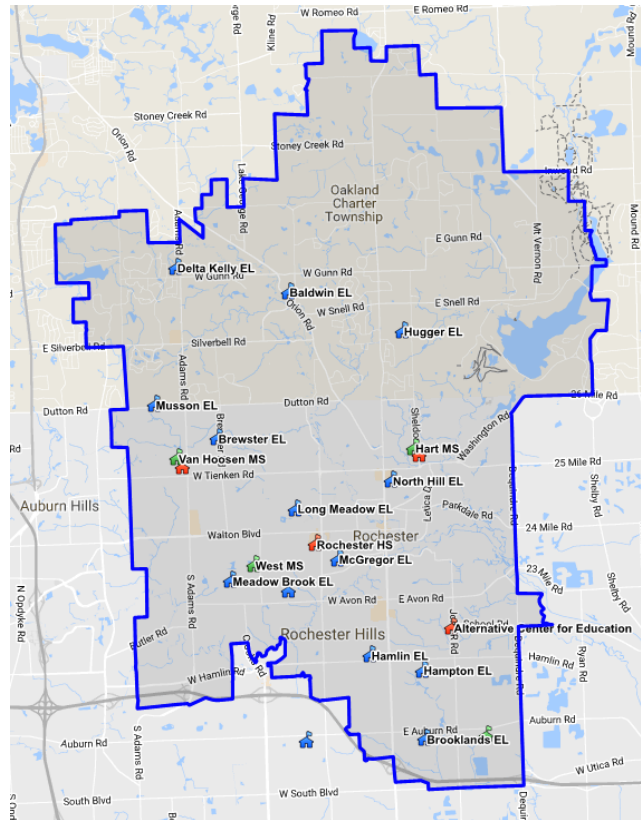


Other Sustaining Local Revenue Sources

The district currently leases cell tower space at Adams High School. There is one cell tower located on the roof of the building and one cell tower located in the football stadium. Following is a schedule of lease revenue over the life of the lease for each of the cell towers:

Cell Tower Lease Schedule					
Location:	Adams Rooftop		Adams Light Pole		
Date:	2008		2012		
<u>Fiscal Year</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Totals</u>
Initial Payment		\$50,000		\$50,000	\$100,000
FY2009	1	26,400		-	26,400
FY2010	2	27,060		-	27,060
FY2011	3	27,737		-	27,737
FY2012	4	28,430		-	28,430
FY2013	5	29,141	1	21,600	50,742
FY2014	1-1	29,869	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



2018-19 Summary Budget – All Governmental Fund Types

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2018-19

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
Revenues:					
Local	\$ 26,669,868	\$ 29,809,102	\$ 300,000	\$ 5,026,222	\$ 61,805,192
Interdistrict Sources	11,657,421	-	-	-	11,657,421
State	131,334,831	-	-	125,323	131,460,154
Federal	4,263,820	-	-	1,115,000	5,378,820
Total Revenues	173,925,940	29,809,102	300,000	6,266,545	210,301,587
Expenditures:					
Instruction					
Basic Programs	82,314,954	-	-	-	82,314,954
Added Needs	20,268,123	-	-	-	20,268,123
Adult and Continuing Ed	171,041	-	-	-	171,041
Support Services					
Pupil	14,631,495	-	-	-	14,631,495
Instructional Staff	8,091,417	-	-	-	8,091,417
General Administration	1,185,243	-	-	-	1,185,243
School Administration	8,646,858	-	-	-	8,646,858
Business Services	2,175,132	-	-	-	2,175,132
Operations & Maintenance	13,896,273	-	-	-	13,896,273
Transportation	7,581,635	-	-	-	7,581,635
Central Services	6,812,981	-	-	-	6,812,981
Community Education	2,674,276	-	-	-	2,674,276
Other Supporting Services	3,131,032	-	-	6,137,149	9,268,181
Building Improvement	6,000	-	-	-	6,000
Capital Projects					
Capital Outlay & Other Costs	1,072,472	-	37,674,551	110,000	38,857,023
Debt Service					
Principal	-	21,970,000	-	-	21,970,000
Capital Leases	77,500	-	-	-	77,500
Interest and Fiscal Charges	-	7,102,325	-	-	7,102,325
Other Costs	-	80,000	-	-	80,000
Total Expenditures	172,736,432	29,152,325	37,674,551	6,247,149	245,810,457
Excess (deficiency) of Revenues Over (Under) Expenditures	1,189,508	656,777	(37,374,551)	19,396	(35,508,870)
Other Financing Sources					
Transfers, notes, sale of assets	6,150	-	-	-	6,150
Total Other Financing Sources	6,150	-	-	-	6,150
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	1,195,658	656,777	(37,374,551)	19,396	(35,502,720)
Fund Equity:					
July 1,	29,530,219	2,505,120	45,614,313	624,981	78,274,633
June 30,	\$ 30,725,877	\$ 3,161,897	\$ 8,239,762	\$ 644,377	\$ 42,771,913

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

	Final Budget 2017-18	Totals (Memorandum Only)		
		Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues:				
Local	\$ 58,103,302	\$ 56,415,778	\$ 55,518,873	\$ 54,113,338
County	11,657,421	11,179,574	11,238,105	10,603,900
State	131,035,415	127,387,852	125,560,941	121,739,208
Federal	5,378,820	5,577,471	5,482,363	5,835,453
Total Revenues	206,174,958	200,560,675	197,800,282	192,291,899
Expenditures:				
Instruction:				
Basic Programs	80,846,900	81,079,780	81,816,478	80,656,312
Added Needs	20,132,606	19,283,739	20,188,369	20,134,276
Adult and Continuing Ed	171,041	122,980	186,120	125,518
Support Services:				
Pupil	14,547,319	14,491,527	15,008,178	14,872,631
Instructional Staff	7,632,523	6,623,223	3,638,985	5,101,367
General Administration	1,181,852	978,210	920,176	797,179
School Admin	8,545,223	8,167,452	8,321,738	7,999,399
Business Services	2,020,820	1,668,441	1,887,423	1,742,228
Operations & Maintenance	13,553,994	11,591,193	10,397,265	10,717,503
Transportation	7,429,617	6,749,192	7,077,330	6,963,520
Central Services	8,170,572	6,496,179	4,406,384	4,863,795
Other Supporting Services	2,669,318	2,334,358	2,760,406	2,808,575
Community Education	3,105,207	3,253,758	2,784,158	2,857,409
Building Improvement	2,913,238	4,000	-	-
Food Service	4,663,819	2,744,727	3,428,241	3,565,230
Book Store	78,000	57,378	64,183	49,293
Capital Projects				
Capital Outlay	44,487,017	33,562,362	4,807,459	1,226,562
Debt Service				
Principal	21,160,000	18,065,000	23,320,000	21,841,587
Capital Leases	77,500	77,500		
Interest and Fiscal Charges	7,101,952	8,959,320	3,607,142	4,380,970
Other	1,762,655	44,058	62,548	39,461
Total Expenditures	252,251,173	226,354,377	194,682,583	190,742,815
Excess (deficiency) of Revenues Over (Under) Expenditures	(46,076,215)	(25,793,702)	3,117,699	1,549,084
Other Financing Sources and (Uses)				
Payment to Escrow Agent	-	-	-	(13,653,898)
Issuance of Long-term Debt	-	-	108,870,365	11,449,740
Bond Issuance Costs	-	-	(632,611)	(132,273)
Bond Premium	-	-	19,631,645	826,924
Interfund Transfers In	-	4,344	50,754	100,000
Interfund Transfers Out	-	(4,344)	(54,754)	(100,000)
Proceeds from Sale of Capital Asset	6,150	7,306	28,710	29,329
Total Other Financing Uses	6,150	7,306	127,894,109	(1,480,178)
Net Change in Fund Balance	(46,070,065)	(25,786,396)	131,011,808	68,906
Fund Balances:				
July 1,	124,344,700	150,131,096	19,119,288	19,050,382
June 30,	\$ 78,274,635	\$ 124,344,700	\$ 150,131,096	\$ 19,119,288

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 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Revenues:				
Local	\$ 45,332,936	\$ 53,442,747	\$ 60,208,936	\$ 61,805,192
County	11,657,421	11,657,421	11,657,421	11,657,421
State	133,816,309	132,781,146	132,007,982	131,460,154
Federal	5,378,820	5,378,820	5,378,820	5,378,820
Total Revenues	196,185,486	203,260,134	209,253,159	210,301,587
Expenditures:				
Instruction:				
Basic Programs	86,104,674	85,234,070	84,411,693	82,323,526
Added Needs	19,474,043	19,277,141	19,091,146	20,268,123
Adult and Continuing Ed	200,981	198,949	197,030	171,041
Support Services:				
Pupil	14,958,123	14,842,323	14,733,591	14,631,495
Instructional Staff	8,473,607	8,414,014	8,213,838	8,091,417
General Administration	1,198,118	1,193,553	1,189,267	1,185,243
School Admin	8,845,639	8,775,165	8,708,992	8,646,858
Business Services	2,192,539	2,186,368	2,180,573	2,175,132
Operations & Maintenance	13,970,744	13,946,640	13,924,007	13,912,273
Transportation	7,775,670	7,710,347	7,645,671	7,581,635
Central Services	6,880,206	6,856,373	6,833,994	6,812,981
Other Supporting Services	2,693,372	2,686,602	2,680,245	2,674,276
Community Education	3,153,196	3,145,338	3,137,960	3,131,032
Building Improvement	920,108	972,597	972,597	1,053,900
Food Service	3,856,918	3,781,488	3,707,537	3,635,036
Book Store	82,775	81,152	79,560	78,000
Early Learning Center	3,449,326	3,323,040	2,940,505	2,534,113
Capital Projects				
Capital Outlay	14,875,009	16,528,586	32,333,236	36,398,193
Debt Service				
Principal	5,570,000	13,380,000	19,825,000	21,970,000
Capital Leases	-	-	-	77,500
Interest and Fiscal Charges	5,375,200	6,003,575	7,317,238	7,102,325
Other	536,372	589,328	1,084,254	1,356,358
Total Expenditures	210,586,620	219,126,649	241,207,934	245,810,457
Excess (deficiency) of Revenues Over (Under) Expenditures	(14,401,134)	(15,866,515)	(31,954,775)	(35,508,870)
Other Financing Sources and (Uses)				
Payment to Escrow Agent	-	-	-	-
Issuance of Long-term Debt	-	-	57,000,000	-
Bond Issuance Costs	-	-	(280,212)	-
Bond Premium	-	-	-	-
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	-	-	-	-
Proceeds from Sale of Capital Assets	6,150	6,150	6,150	6,150
Total Other Financing Uses	6,150	6,150	56,725,938	6,150
Net Change in Fund Balance	(14,394,984)	(15,860,365)	24,771,163	(35,502,720)
Fund Balances:				
July 1,	51,682,713	67,543,078	42,771,915	78,274,635
June 30,	\$ 37,287,729	\$ 51,682,713	\$ 67,543,078	\$ 42,771,915

Current Year Budget and Three Prior Years Actual – General Fund

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues:				
Local	\$ 26,788,053	\$ 26,500,048	\$ 25,173,338	\$ 24,333,435
State	130,910,092	127,135,419	125,498,718	121,576,497
Federal	4,263,820	4,544,898	4,362,268	4,696,699
Interdistrict Sources	11,657,421	11,179,574	11,238,105	10,603,900
Total Revenues	<u>173,619,386</u>	<u>169,359,939</u>	<u>166,272,429</u>	<u>161,210,531</u>
Expenditures:				
Instruction:				
Basic Programs	80,838,328	81,030,080	81,816,478	80,439,703
Added Needs	20,132,606	19,283,739	20,188,369	19,937,072
Adult and Continuing Ed	171,041	122,981	186,120	125,516
Support Services:				
Pupil	14,547,319	14,491,527	15,008,178	14,871,766
Instructional Staff	7,632,523	6,623,223	3,638,985	5,092,395
General Administration	1,181,852	978,210	920,176	797,180
School Administration	8,545,223	8,167,452	8,321,738	7,999,001
Business Services	2,020,820	1,668,441	1,887,423	1,865,455
Operations & Maintenance	13,537,994	11,591,193	10,397,265	10,666,945
Transportation	7,429,617	6,749,192	7,077,330	7,092,367
Central Services	8,075,572	6,496,179	4,406,384	4,352,553
Other Support	2,669,318	2,334,358	2,760,406	2,665,877
Community Education	3,105,207	3,253,758	2,784,158	2,827,143
Building Improvement Services	6,000	4,000	-	-
Debt Service	77,500	77,501	-	126,587
Total Instruction and Support	<u>169,970,920</u>	<u>162,871,834</u>	<u>159,393,010</u>	<u>158,859,560</u>
Capital Outlay	<u>3,026,810</u>	<u>49,700</u>	<u>686,340</u>	<u>940,061</u>
Total Expenditures	<u>172,997,730</u>	<u>162,921,534</u>	<u>160,079,350</u>	<u>159,799,621</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	621,656	6,438,405	6,193,079	1,410,910
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	145,365	14,740
Transfers In	-	-	-	-
Transfers Out	-	(4,344)	(54,754)	(100,000)
Proceeds from Sale of Cap Assets	6,150	7,306	28,710	29,329
Total Other Financing Uses	<u>6,150</u>	<u>2,962</u>	<u>119,321</u>	<u>(55,931)</u>
Net Change in Fund Balance	627,806	6,441,367	6,312,400	1,354,979
July 1, Fund Balance	<u>28,902,413</u>	<u>22,461,046</u>	<u>16,148,646</u>	<u>14,793,667</u>
Unassigned June 30,	<u>\$ 29,530,219</u>	<u>\$ 28,902,413</u>	<u>\$ 22,461,046</u>	<u>\$ 16,148,646</u>

Next Year Budget with Three Year Forecast – General Fund

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION				
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
<u>Revenues:</u>				
Local	\$ 27,782,294	\$ 27,404,012	\$ 27,033,254	\$ 26,669,868
State	134,434,509	133,400,096	132,243,632	131,334,831
Federal	4,263,820	4,263,820	4,263,820	4,263,820
Interdistrict Sources	11,657,421	11,657,421	11,657,421	11,657,421
Total Revenues	<u>178,138,044</u>	<u>176,725,349</u>	<u>175,198,127</u>	<u>173,925,940</u>
<u>Expenditures:</u>				
Instruction:				
Basic Programs	86,104,674	85,234,070	84,411,693	82,314,954
Added Needs	19,474,043	19,277,141	19,091,146	20,268,123
Adult and Continuing Ed	200,981	198,949	197,030	171,041
Support Services:				
Pupil	14,958,123	14,842,323	14,733,591	14,631,495
Instructional Staff	8,473,607	8,414,014	8,213,838	8,091,417
General Administration	1,198,118	1,193,553	1,189,267	1,185,243
School Administration	8,845,639	8,775,165	8,708,992	8,646,858
Business Services	2,192,539	2,186,368	2,180,573	2,175,132
Operations & Maintenance	13,970,744	13,946,640	13,924,007	13,896,273
Transportation	7,775,670	7,710,347	7,645,671	7,581,635
Central Services	6,880,206	6,856,373	6,833,994	6,812,981
Other Support	2,693,372	2,686,602	2,680,245	2,674,276
Community Education	3,153,196	3,145,338	3,137,960	3,131,032
Building Improvement Services	6,000	6,000	6,000	6,000
Debt Service	-	-	-	77,500
Total Instruction and Support	<u>175,926,912</u>	<u>174,472,883</u>	<u>172,954,007</u>	<u>171,663,960</u>
Capital Outlay	<u>914,108</u>	<u>966,597</u>	<u>966,597</u>	<u>1,072,472</u>
Total Expenditures	<u>176,841,020</u>	<u>175,439,480</u>	<u>173,920,604</u>	<u>172,736,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,297,024	1,285,869	1,277,523	1,189,508
Other Financing Sources (Uses)				
Issuance of Long-term Debt	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Proceeds from Sale of Cap Assets	6,150	6,150	6,150	6,150
Total Other Financing Uses	<u>6,150</u>	<u>6,150</u>	<u>6,150</u>	<u>6,150</u>
Net Change in Fund Balance	1,303,174	1,292,019	1,283,673	1,195,658
July 1, Fund Balance	33,301,569	32,009,550	30,725,877	29,530,219
Unassigned June 30,	<u>\$ 34,604,743</u>	<u>\$ 33,301,569</u>	<u>\$ 32,009,550</u>	<u>\$ 30,725,877</u>

Significant Changes in Fund Balance

The fund balance in General Fund is expected to increase by approximately \$628,000 at June 30, 2018, compared to an increase of \$6.4 million at June 30, 2017. This is due primarily to an increase in custodial costs (ongoing costs) and the purchase of a preschool building (a one-time cost).

Three Year Budget Forecast Assumptions

General Fund

Revenue and expenditure assumptions in the general fund are as follows:

GENERAL FUND BUDGET ASSUMPTIONS						
	Assumption	19-20	Assumption	20-21	Assumption	21-22
Revenue:						
Foundation	\$ 75	\$ 8,479	\$ 75	\$ 8,554	\$ 100	\$ 8,654
Enrollment	(32)	15,338	(2)	15,336	(15)	15,321
Foundation increase		\$ 1,150,350		\$ 1,150,200		\$ 1,532,100
Increase in enrollment		(271,328)		(17,108)		(129,810)
Estimated revenue increase		879,022		1,133,092		1,402,290
Less: Property tax increase	17,996,397	352,871	18,356,325	359,928	18,723,452	367,127
Net state aid		526,151		773,164		1,035,163
Miscellaneous		10,515		10,830		11,155
Expenditures:						
Transportation contracts	-	\$ 63,538	-	\$ 64,173	-	\$ 64,815
Additional 3 days:						
Transportation	-	498	-	503	-	508
Middle School Strings Program						
Teacher salary		117,243		122,470		127,930
Group Insurance		26,406		28,122		29,950
Social Security & Retirement	-	53,381	-	55,761	-	58,247
Supplies & Materials		1,500		1,500		1,500
Other Expenses		3,940		3,940		3,940
Labor Contracts		-		-		-
Health Insurance	6.50%	1,031,161	6.50%	1,098,187	6.50%	1,169,569
Construction		-		-		-
Reading Recovery Implementation		69,880		144,220		-
Miscellaneous		33,993		-		(272,287)
		<u>\$ 1,401,540</u>		<u>\$ 1,518,876</u>		<u>\$ 1,184,172</u>
Total Revenue increase (decrease)		\$ 889,537		\$ 1,143,922		\$ 1,413,445
Total Expenditure increase (decrease)		1,401,540		1,518,876		1,184,172
Excess (deficiency)		<u>\$ (512,003)</u>		<u>\$ (374,954)</u>		<u>\$ 229,273</u>

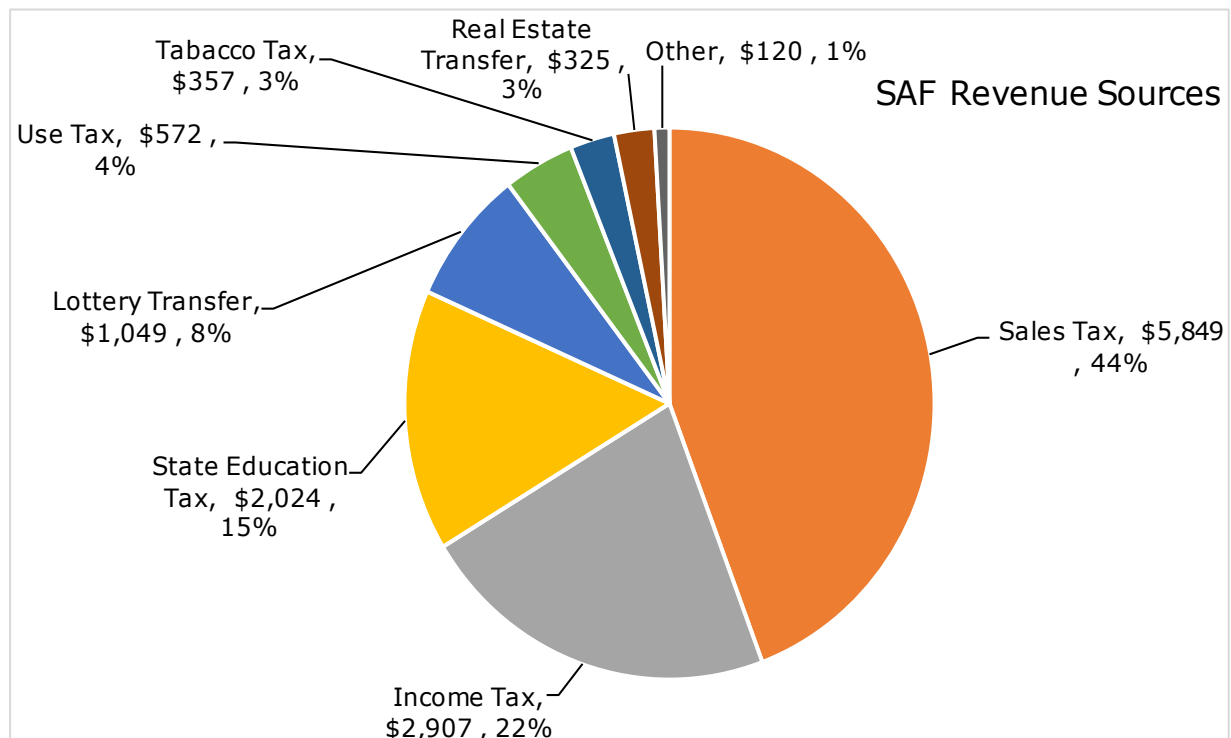
Significant Revenue Sources

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.

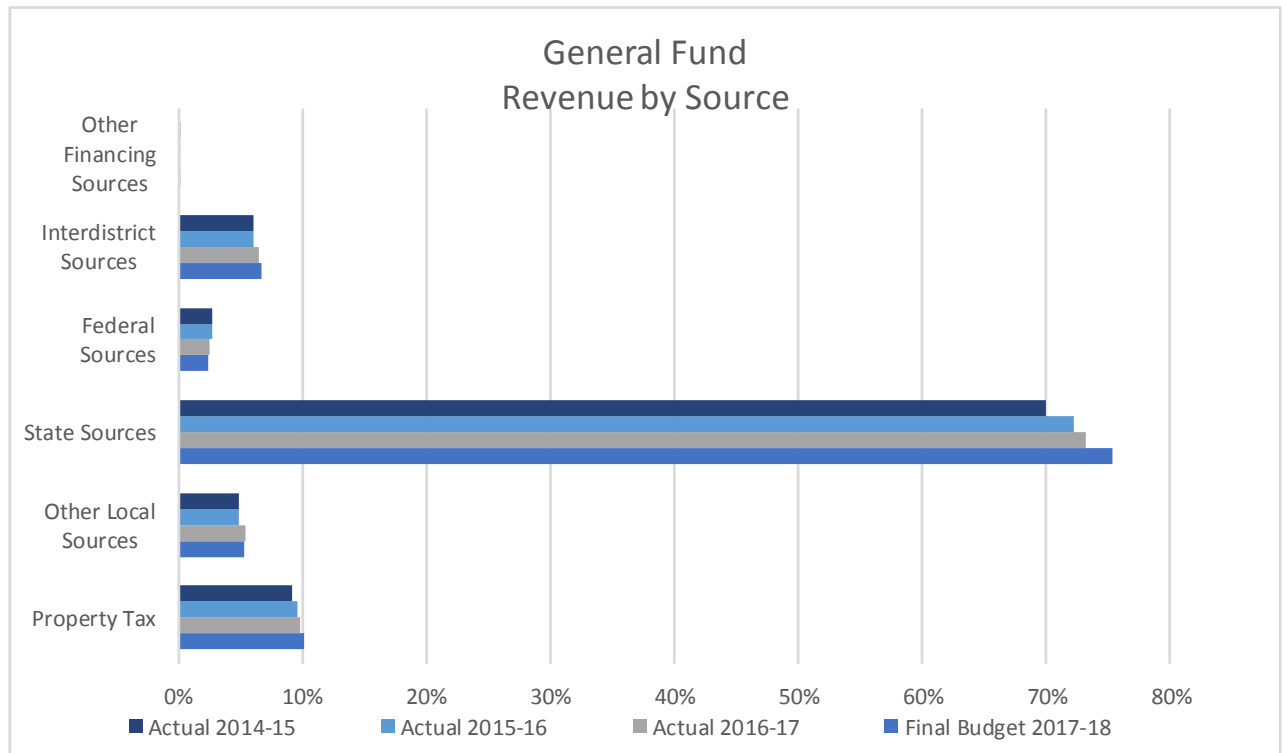
The following graph illustrates the School Aid Fund (SAF) revenue sources for Fiscal Year 2018:



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 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 the Senate Fiscal Agency School Aid Fund (SAF) budget of \$153 per pupil and will be adjusted when the State adopts its final SAF budget. Long-range foundation allowance projections are calculated by multiplying projected enrollment by estimated per-pupil funding levels.

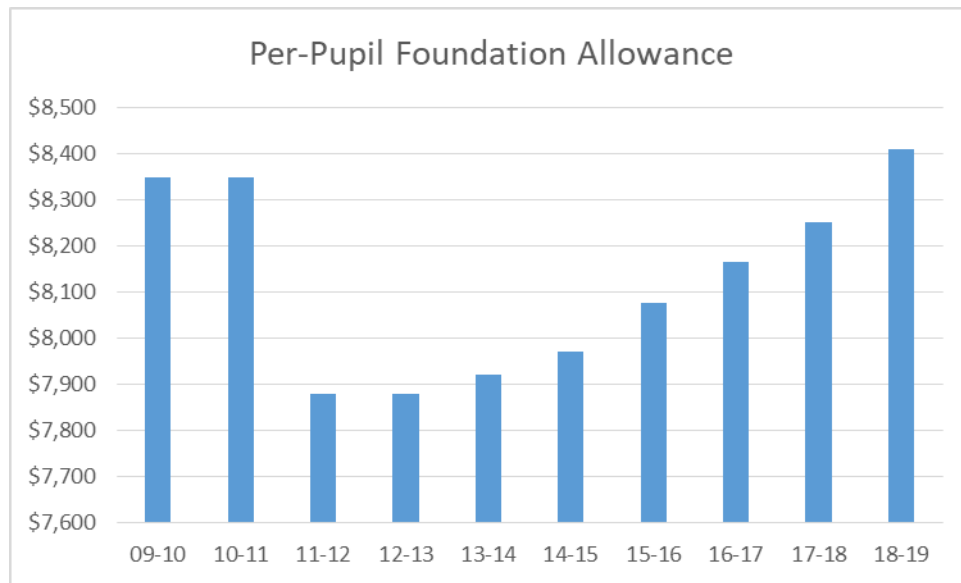
Current Year Revenues by Source and Three Prior Years Actual – General Fund

	REVENUES BY SOURCE - GENERAL FUND			
	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Local sources				
Property tax levy	17,643,526	\$ 17,155,244	\$ 16,732,541	\$ 15,941,524
Earnings on investments	1,000	946	627	662
Tuition from patrons	350,500	294,398	252,685	200,848
Rentals	575,000	578,148	779,563	841,814
Contributions and grants	48,681	83,041	203,201	460,743
Medicaid	1,032,137	1,049,097	794,703	689,981
Athletics gate receipts	741,622	703,350	1,171,548	1,152,685
Other local revenue	6,395,587	6,635,824	5,238,470	5,045,178
Total revenues from local sources	26,788,053	26,500,048	25,173,338	24,333,435
State sources				
Grants - unrestricted				
State school aid	105,524,776	103,318,106	101,907,253	101,357,251
Grants - restricted				
Special education	8,533,084	10,029,114	9,793,878	9,469,433
At risk	1,128,464	901,970	1,178,247	915,968
Vocational education	167,477	133,296	282,714	265,386
Early childhood education	350,124	456,735	465,039	321,700
MPSERS Cost Offset	1,686,127	1,143,973	1,181,311	1,152,288
MPSERS UAAL	12,059,828	10,137,593	9,541,150	7,076,092
Other	1,460,212	1,014,632	1,149,126	1,018,379
Total revenues from state sources	130,910,092	127,135,419	125,498,718	121,576,497
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,245,194	3,331,511	3,167,407	3,246,411
Title I	429,110	659,669	710,196	820,312
Medicaid Outreach	23,372	35,692	26,769	164,743
Title II A	102,157	204,228	222,087	295,395
Title III	292,473	136,854	63,808	53,272
Adult education	171,514	176,944	172,001	116,566
Total revenues from federal sources	4,263,820	4,544,898	4,362,268	4,696,699
Interdistrict sources				
County sources	11,657,421	11,179,573	11,238,104	10,603,900
Total county sources	11,657,421	11,179,573	11,238,104	10,603,900
Other financing sources				
Sale of assets	6,150	7,306	28,710	29,329
Issuance of Long Term Debt	-	-	145,365	14,740
Total other sources	6,150	7,306	174,075	44,069
Total revenues and Other financing sources	173,625,536	\$ 169,367,244	\$ 166,446,503	\$ 161,254,600

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

REVENUES BY SOURCE - GENERAL FUND				
	Budget 2021-22	Budget 2020-21	Budget 2019-20	Budget 2018-19
Local sources				
Property tax levy	\$ 19,060,947	\$ 18,693,820	\$ 18,333,892	\$ 17,981,021
Earnings on investments	1,000	1,000	1,000	1,000
Tuition from patrons	383,000	371,845	361,015	350,500
Rentals	575,000	575,000	575,000	575,000
Contributions and grants	48,681	48,681	48,681	48,681
Medicaid	1,032,137	1,032,137	1,032,137	1,032,137
Athletics gate receipts	741,622	741,622	741,622	741,622
Other local revenue	5,939,907	5,939,907	5,939,907	5,939,907
Total revenues from local sources	27,782,294	27,404,012	27,033,254	26,669,868
State sources				
Grants - unrestricted				
State school aid	110,205,092	109,169,929	108,396,765	107,870,614
Grants - restricted				
Special education	8,533,084	8,533,084	8,533,084	8,533,084
At risk	1,128,464	1,128,464	1,128,464	1,128,464
Vocational education	167,477	167,477	167,477	167,477
Early childhood education	350,124	350,124	350,124	350,124
MPSERS Cost Offset	1,686,127	1,686,127	1,686,127	1,686,127
MPSERS UAAL	10,138,729	10,138,729	10,138,729	10,138,729
Other	1,460,212	1,460,212	1,460,212	1,460,212
Total revenues from state sources	133,669,309	132,634,146	131,860,982	131,334,831
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,245,194	3,245,194	3,245,194	3,245,194
Title I	429,110	429,110	429,110	429,110
Medicaid Outreach	23,372	23,372	23,372	23,372
Title II A	102,157	102,157	102,157	102,157
Title III	292,473	292,473	292,473	292,473
Adult education	171,514	171,514	171,514	171,514
Total revenues from federal sources	4,263,820	4,263,820	4,263,820	4,263,820
Interdistrict sources				
County sources	11,657,421	11,657,421	11,657,421	11,657,421
Total county sources	11,657,421	11,657,421	11,657,421	11,657,421
Other financing sources				
Sale of assets	6,150	6,150	6,150	6,150
Issuance of Long Term Debt	-	-	-	-
Total other sources	6,150	6,150	6,150	6,150
Total revenues and Other financing sources	\$ 177,378,994	\$ 175,965,549	\$ 174,821,627	\$ 173,932,090

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	6/30/19
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 Paraeducator Association, MEA/NEA	6/30/18
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:

Contribution Period				Contribution Rates	
From:		To:		Range	
Month	Year	Month	Year	Low	High
October 1,	2013	September 30,	2014	15.44%	18.34%
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%

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 \$13 million in 2016-17. Premiums are expected to increase by 9% beginning January 1, 2018.

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 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Instruction				
Salaries:				
Elementary	\$ 22,451,735	\$ 22,288,279	\$ 23,335,682	\$ 23,666,350
Middle School	9,674,292	9,800,114	10,345,366	10,685,678
High School	14,084,709	13,910,204	14,113,129	14,418,637
Other Basic Programs	838,078	896,208	1,024,715	836,168
Special Education	9,313,639	9,158,797	9,224,779	9,402,631
Other Added Needs	1,390,169	1,486,943	1,474,472	1,629,034
Adult Education	112,531	77,333	122,753	86,814
Total Salaries	57,865,153	57,617,878	59,640,896	60,725,312
Employee Benefits:				
Group Insurance	9,917,490	9,587,430	9,227,317	8,762,884
Social Security & Retirement	26,470,076	26,199,586	26,901,306	24,771,088
Other Employee Benefits	454,575	476,363	752,477	670,811
Total Employee Benefits	36,842,141	36,263,379	36,881,100	34,204,783
Purchased Services	2,428,182	2,032,949	2,028,967	1,945,907
Supplies & Materials	1,844,365	2,370,819	1,386,282	1,471,519
Other Expenses	2,162,134	2,151,774	2,253,721	2,154,770
Total Instruction	101,141,975	100,436,799	102,190,966	100,502,291
Student Services				
Salaries:				
Professional	7,930,532	8,152,448	7,954,985	8,401,846
Non-professional	886,184	778,853	1,096,900	1,014,129
Total Salaries	8,816,716	8,931,301	9,051,885	9,415,975
Employee Benefits:				
Group Insurance	1,486,529	1,453,330	1,340,492	1,307,062
Social Security & Retirement	3,911,749	3,779,934	4,196,276	3,822,333
Other Employee Benefits	69,483	71,138	112,978	88,056
Total Employee Benefits	5,467,761	5,304,402	5,649,746	5,217,451
Purchased Services	219,804	209,588	256,911	189,224
Supplies & Materials	43,038	46,236	49,636	49,116
Other Expenses	-	-	-	-
Total Student Services	14,547,319	14,491,527	15,008,178	14,871,766
Staff Services				
Salaries:				
Professional	\$ 3,409,634	\$ 3,211,639	\$ 1,309,320	\$ 1,981,161
Non-professional	372,445	299,404	483,287	674,306
Total Salaries	3,782,079	3,511,043	1,792,607	2,655,467
Employee Benefits:				
Group Insurance	764,111	616,793	302,744	384,574
Social Security & Retirement	1,693,967	1,633,503	771,010	1,000,667
Other Employee Benefits	10,643	47,862	45,954	296,597
Total Employee Benefits	2,468,721	2,298,158	1,119,708	1,681,838
Purchased Services	804,786	533,757	624,602	672,502
Supplies & Materials	556,870	263,004	74,728	54,906
Other Expenses	20,067	17,261	27,340	27,682
Total Staff Services	7,632,523	6,623,223	3,638,985	5,092,395

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
General Administration				
Salaries:				
Professional	372,123	357,649	328,609	325,972
Non-professional	119,506	77,571	66,100	65,625
Total Salaries	491,629	435,220	394,709	391,597
Employee Benefits:				
Group Insurance	58,523	54,989	50,389	48,151
Social Security & Retirement	217,954	191,652	164,905	152,958
Other Employee Benefits	14,412	17,165	7,320	13,866
Total Employee Benefits	290,889	263,806	222,614	214,975
Purchased Services	359,986	252,511	279,474	168,509
Supplies & Materials	7,883	9,253	5,010	4,333
Other Expenses	31,465	17,420	18,369	17,766
Total General Administration	1,181,852	978,210	920,176	797,180
School Administration				
Salaries:				
Professional	3,842,313	3,715,392	3,647,332	3,547,282
Non-professional	1,362,280	1,248,484	1,389,117	1,505,819
Total Salaries	5,204,593	4,963,876	5,036,449	5,053,101
Employee Benefits:				
Group Insurance	904,173	809,327	732,496	661,367
Social Security & Retirement	2,246,811	2,158,541	2,282,917	1,989,687
Other Employee Benefits	17,274	148,787	157,639	158,467
Total Employee Benefits	3,168,258	3,116,655	3,173,052	2,809,521
Purchased Services	119,411	59,183	79,551	114,262
Supplies & Materials	50,311	25,243	30,222	18,733
Other Expenses	2,650	2,495	2,464	3,384
Total School Administration	8,545,223	8,167,452	8,321,738	7,999,001
Business Services				
Salaries:				
Professional	\$ 450,068	\$ 387,449	\$ 288,539	\$ 386,905
Non-professional	154,915	164,911	215,607	314,550
Total Salaries	604,983	552,360	504,146	701,455
Employee Benefits:				
Group Insurance	79,397	81,368	65,134	95,237
Social Security & Retirement	270,966	238,800	220,009	277,499
Other Employee Benefits	7,815	20,303	10,225	22,608
Total Employee Benefits	358,178	340,471	295,368	395,344
Purchased Services	801,991	640,792	856,979	697,250
Supplies & Materials	39,571	19,610	23,646	28,637
Other Expenses	216,097	115,208	207,284	42,769
Total Business Services	2,020,820	1,668,441	1,887,423	1,865,455

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Operations & Maintenance				
Salaries:				
Professional	321,689	260,170	209,016	210,369
Non-professional	1,067,554	1,095,681	1,121,683	1,272,798
Total Salaries	1,389,243	1,355,851	1,330,699	1,483,167
Employee Benefits:				
Group Insurance	309,031	277,986	249,246	265,918
Social Security & Retirement	606,195	580,689	587,653	587,696
Other Employee Benefits	2,872	48,816	58,942	238,543
Total Employee Benefits	918,098	907,491	895,841	1,092,157
Purchased Services	7,418,753	5,352,394	4,943,405	4,687,297
Supplies & Materials	3,807,222	3,971,173	3,222,755	3,399,825
Other Expenses	4,678	4,284	4,565	4,499
Total Operations & Maintenance	13,537,994	11,591,193	10,397,265	10,666,945
Transportation Services				
Salaries:				
Professional	-	-	2,218	26,030
Non-professional	-	-	-	-
Total Salaries	-	-	2,218	26,030
Employee Benefits:				
Group Insurance	-	-	(83)	2,863
Social Security & Retirement	-	-	937	10,984
Other Employee Benefits	-	5,766	10,290	836
Total Employee Benefits	-	5,766	11,144	14,683
Purchased Services	6,921,651	6,375,685	6,681,335	6,515,552
Supplies & Materials	507,966	367,741	382,633	536,102
Other Expenses	-	-	-	-
Total Transportation	7,429,617	6,749,192	7,077,330	7,092,367
Central Services				
Salaries:				
Professional	\$ 1,076,648	\$ 935,207	\$ 947,976	\$ 862,283
Non-professional	3,210,847	1,615,233	757,756	749,651
Total Salaries	4,287,495	2,550,440	1,705,732	1,611,934
Employee Benefits:				
Group Insurance	305,801	299,386	260,126	213,318
Social Security & Retirement	1,000,549	780,952	745,292	648,419
Other Employee Benefits	12,835	172,220	104,477	116,354
Total Employee Benefits	1,319,185	1,252,558	1,109,895	978,091
Purchased Services	2,364,414	2,620,104	1,563,442	1,727,839
Supplies & Materials	91,315	26,587	12,984	23,548
Other Expenses	13,163	46,490	14,331	11,141
Total Central Services	8,075,572	6,496,179	4,406,384	4,352,553

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Other Support				
Salaries:				
Professional	314,478	254,887	229,346	241,204
Non-professional	<u>1,152,266</u>	<u>1,103,857</u>	<u>1,220,389</u>	<u>1,208,040</u>
Total Salaries	<u>1,466,744</u>	<u>1,358,744</u>	<u>1,449,735</u>	<u>1,449,244</u>
Employee Benefits:				
Group Insurance	86,877	76,994	99,625	78,123
Social Security & Retirement	627,692	592,994	617,019	549,753
Other Employee Benefits	<u>1,442</u>	<u>12,988</u>	<u>12,643</u>	<u>8,792</u>
Total Employee Benefits	<u>716,011</u>	<u>682,976</u>	<u>729,287</u>	<u>636,668</u>
Purchased Services	275,743	140,010	411,325	395,708
Supplies & Materials	161,030	103,075	118,327	130,900
Other Expenses	<u>49,790</u>	<u>49,553</u>	<u>51,732</u>	<u>53,357</u>
Total Central Support	<u>2,669,318</u>	<u>2,334,358</u>	<u>2,760,406</u>	<u>2,665,877</u>
Community Services				
Salaries:				
Professional	\$ 440,097	\$ 458,531	\$ 427,815	\$ 409,274
Non-professional	<u>1,169,333</u>	<u>1,225,726</u>	<u>1,026,036</u>	<u>962,445</u>
Total Salaries	<u>1,609,430</u>	<u>1,684,257</u>	<u>1,453,851</u>	<u>1,371,719</u>
Employee Benefits:				
Group Insurance	100,755	109,544	114,290	107,893
Social Security & Retirement	669,772	714,206	606,937	525,954
Other Employee Benefits	<u>1,217</u>	<u>8,906</u>	<u>11,790</u>	<u>11,069</u>
Total Employee Benefits	<u>771,744</u>	<u>832,656</u>	<u>733,017</u>	<u>644,916</u>
Purchased Services	560,008	495,517	512,411	719,568
Supplies & Materials	157,775	233,075	83,553	89,734
Other Expenses	<u>6,250</u>	<u>8,253</u>	<u>1,326</u>	<u>1,206</u>
Total Community Services	<u>3,105,207</u>	<u>3,253,758</u>	<u>2,784,158</u>	<u>2,827,143</u>
Building improvements	6,000	4,000	-	-
Debt service	77,500	77,501	-	126,587
Capital Outlay	3,026,810	49,700	686,340	940,060
Other Financing Uses				
Transfers out	<u>-</u>	<u>4,344</u>	<u>54,754</u>	<u>100,000</u>
Total Other Financing Uses	<u>3,110,310</u>	<u>135,545</u>	<u>741,094</u>	<u>100,000</u>
Total Expenditures	\$ <u>172,997,730</u>	\$ <u>162,925,877</u>	\$ <u>160,134,103</u>	\$ <u>159,899,620</u>

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Instruction				
Salaries:				
Elementary	\$ 22,602,673	\$ 22,602,673	\$ 22,602,673	\$ 22,602,673
Middle School	10,041,935	9,914,005	9,791,535	9,674,292
High School	14,084,709	14,084,709	14,084,709	14,084,709
Other Basic Programs	838,078	838,078	838,078	838,078
Special Education	9,313,639	9,313,639	9,313,639	9,313,639
Other Added Needs	1,390,169	1,390,169	1,390,169	1,390,169
Adult Education	112,531	112,531	112,531	112,531
Total Salaries	58,383,734	58,255,804	58,133,334	58,016,091
Employee Benefits:				
Group Insurance	12,752,935	11,946,465	11,190,932	10,483,123
Social Security & Retirement	27,345,821	27,216,123	27,089,275	26,970,076
Other Employee Benefits	454,575	454,575	454,575	454,575
Total Employee Benefits	40,553,331	39,617,163	38,734,782	37,907,774
Purchased Services	2,423,151	2,423,151	2,423,151	2,423,151
Supplies & Materials	2,219,958	2,218,458	2,216,958	2,215,458
Other Expenses	2,199,524	2,195,584	2,191,644	2,191,644
Total Instruction	105,779,698	104,710,160	103,699,869	102,754,118
Student Services				
Salaries:				
Professional	7,930,532	7,930,532	7,930,532	7,930,532
Non-professional	886,184	886,184	886,184	886,184
Total Salaries	8,816,716	8,816,716	8,816,716	8,816,716
Employee Benefits:				
Group Insurance	1,897,333	1,781,533	1,672,801	1,570,705
Social Security & Retirement	3,911,749	3,911,749	3,911,749	3,911,749
Other Employee Benefits	69,483	69,483	69,483	69,483
Total Employee Benefits	5,878,565	5,762,765	5,654,033	5,551,937
Purchased Services	219,804	219,804	219,804	219,804
Supplies & Materials	43,038	43,038	43,038	43,038
Other Expenses	-	-	-	-
Total Student Services	14,958,123	14,842,323	14,733,591	14,631,495
Staff Services				
Salaries:				
Professional	\$ 3,409,634	\$ 3,409,634	\$ 3,409,634	\$ 3,409,634
Non-professional	372,445	372,445	372,445	372,445
Total Salaries	3,782,079	3,782,079	3,782,079	3,782,079
Employee Benefits:				
Group Insurance	976,406	916,813	860,857	808,316
Social Security & Retirement	1,693,967	1,693,967	1,693,967	1,693,967
Other Employee Benefits	10,643	10,643	10,643	10,643
Total Employee Benefits	2,681,016	2,621,423	2,565,467	2,512,926
Purchased Services	1,433,567	1,433,567	1,289,347	1,219,467
Supplies & Materials	556,878	556,878	556,878	556,878
Other Expenses	20,067	20,067	20,067	20,067
Total Staff Services	8,473,607	8,414,014	8,213,838	8,091,417

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
General Administration				
Salaries:				
Professional	372,123	372,123	372,123	372,123
Non-professional	119,506	119,506	119,506	119,506
Total Salaries	491,629	491,629	491,629	491,629
Employee Benefits:				
Group Insurance	74,789	70,224	65,938	61,914
Social Security & Retirement	217,954	217,954	217,954	217,954
Other Employee Benefits	14,412	14,412	14,412	14,412
Total Employee Benefits	307,155	302,590	298,304	294,280
Purchased Services	359,986	359,986	359,986	359,986
Supplies & Materials	7,883	7,883	7,883	7,883
Other Expenses	31,465	31,465	31,465	31,465
Total General Administration	1,198,118	1,193,553	1,189,267	1,185,243
School Administration				
Salaries:				
Professional	3,842,313	3,842,313	3,842,313	3,842,313
Non-professional	1,362,280	1,362,280	1,362,280	1,362,280
Total Salaries	5,204,593	5,204,593	5,204,593	5,204,593
Employee Benefits:				
Group Insurance	1,154,689	1,084,215	1,018,042	955,908
Social Security & Retirement	2,246,811	2,246,811	2,246,811	2,246,811
Other Employee Benefits	17,274	17,274	17,274	17,274
Total Employee Benefits	3,418,774	3,348,300	3,282,127	3,219,993
Purchased Services	119,411	119,411	119,411	119,411
Supplies & Materials	100,211	100,211	100,211	100,211
Other Expenses	2,650	2,650	2,650	2,650
Total School Administration	8,845,639	8,775,165	8,708,992	8,646,858
Business Services				
Salaries:				
Professional	\$ 500,068	\$ 500,068	\$ 500,068	\$ 500,068
Non-professional	154,915	154,915	154,915	154,915
Total Salaries	654,983	654,983	654,983	654,983
Employee Benefits:				
Group Insurance	101,116	94,945	89,150	83,709
Social Security & Retirement	270,966	270,966	270,966	270,966
Other Employee Benefits	7,815	7,815	7,815	7,815
Total Employee Benefits	379,897	373,726	367,931	362,490
Purchased Services	901,991	901,991	901,991	901,991
Supplies & Materials	39,571	39,571	39,571	39,571
Other Expenses	216,097	216,097	216,097	216,097
Total Business Services	2,192,539	2,186,368	2,180,573	2,175,132

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Operations & Maintenance				
Salaries:				
Professional	321,689	321,689	321,689	321,689
Non-professional	1,109,554	1,109,554	1,109,554	1,109,554
Total Salaries	1,431,243	1,431,243	1,431,243	1,431,243
Employee Benefits:				
Group Insurance	394,934	370,830	348,197	326,946
Social Security & Retirement	606,195	606,195	606,195	606,195
Other Employee Benefits	9,355	9,355	9,355	2,872
Total Employee Benefits	1,010,484	986,380	963,747	936,013
Purchased Services	7,717,117	7,717,117	7,717,117	7,717,117
Supplies & Materials	3,807,222	3,807,222	3,807,222	3,807,222
Other Expenses	4,678	4,678	4,678	4,678
Total Operations & Maintenance	13,970,744	13,946,640	13,924,007	13,896,273
Transportation Services				
Purchased Services	7,267,704	7,202,381	7,137,705	7,073,669
Supplies & Materials	507,966	507,966	507,966	507,966
Other Expenses	-	-	-	-
Total Transportation	7,775,670	7,710,347	7,645,671	7,581,635
Central Services				
Salaries:				
Professional	\$ 1,651,585	\$ 1,651,585	\$ 1,651,585	\$ 1,651,585
Non-professional	1,364,811	1,364,811	1,364,811	1,364,811
Total Salaries	3,016,396	3,016,396	3,016,396	3,016,396
Employee Benefits:				
Group Insurance	390,502	366,669	344,290	323,277
Social Security & Retirement	1,000,549	1,000,549	1,000,549	1,000,549
Other Employee Benefits	12,835	12,835	12,835	12,835
Total Employee Benefits	1,403,886	1,380,053	1,357,674	1,336,661
Purchased Services	2,355,146	2,355,146	2,355,146	2,355,146
Supplies & Materials	91,615	91,615	91,615	91,615
Other Expenses	13,163	13,163	13,163	13,163
Total Central Services	6,880,206	6,856,373	6,833,994	6,812,981

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Other Support				
Salaries:				
Professional	314,478	314,478	314,478	314,478
Non-professional	1,152,266	1,152,266	1,152,266	1,152,266
Total Salaries	1,466,744	1,466,744	1,466,744	1,466,744
Employee Benefits:				
Group Insurance	110,931	104,161	97,804	91,835
Social Security & Retirement	627,692	627,692	627,692	627,692
Other Employee Benefits	1,442	1,442	1,442	1,442
Total Employee Benefits	740,065	733,295	726,938	720,969
Purchased Services	275,743	275,743	275,743	275,743
Supplies & Materials	161,030	161,030	161,030	161,030
Other Expenses	49,790	49,790	49,790	49,790
Total Central Support	2,693,372	2,686,602	2,680,245	2,674,276
Community Services				
Salaries:				
Professional	\$ 440,097	\$ 440,097	\$ 440,097	\$ 440,097
Non-professional	1,169,333	1,169,333	1,169,333	1,169,333
Total Salaries	1,609,430	1,609,430	1,609,430	1,609,430
Employee Benefits:				
Group Insurance	128,744	120,886	113,508	106,580
Social Security & Retirement	669,772	669,772	669,772	669,772
Other Employee Benefits	1,217	1,217	1,217	1,217
Total Employee Benefits	799,733	791,875	784,497	777,569
Purchased Services	589,508	589,508	589,508	589,508
Supplies & Materials	146,275	146,275	146,275	146,275
Other Expenses	8,250	8,250	8,250	8,250
Total Community Services	3,153,196	3,145,338	3,137,960	3,131,032
Building improvements	6,000	6,000	6,000	6,000
Debt service	-	-	-	77,500
Capital Outlay	914,108	966,597	966,597	1,072,472
Other Financing Uses				
Transfers out	-	-	-	-
Total Other Financing Uses	920,108	972,597	972,597	1,155,972
Total Expenditures	\$ 176,841,020	\$ 175,439,480	\$ 173,920,604	\$ 172,736,432

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 6.01 mills (\$6.01 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:

\$100,575,000 1997 Building and Site Bonds, due in annual installments ranging from \$3,000,000 to \$7,500,000 through May 2019; interest from 4.55% to 5.00%	\$ 7,500,000
\$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%	8,600,000
\$47,465,000 2014 Refunding Bonds, due in annual installments ranging from \$4,585,000 to \$15,235,000 through May 2020; interest is 4.00%	5,045,000
\$11,435,000 2015 Refunding Bonds, due in annual installments ranging from \$900,000 to \$7,785,000 through May 2020; interest is 5.00%	1,850,000
\$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%	<u>103,775,000</u>
	<u>\$ 126,770,000</u>

The projected Debt Retirement Fund revenue assumes a 5% increase in property values in 2018-19 and is projected to increase at a nominal rate through 2020. The current debt levy is 6.01 mills on all classes of property. All bonds are scheduled to be retired by May 2036. 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 \$788,251,033. 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:

2018 Assessed value	<u>\$ 4,964,786,455</u>
Statutory bonding limit (15% of state equalized value)	911,859,136
Debt outstanding	\$ 126,770,000
Less: Amount available in debt service funds	3,161,897
Total debt applicable to debt limit	<u>123,608,103</u>
Legal debt margin	<u>\$ 788,251,033</u>

ROCHESTER COMMUNITY SCHOOLS
DEBT RETIREMENT FUND BUDGET

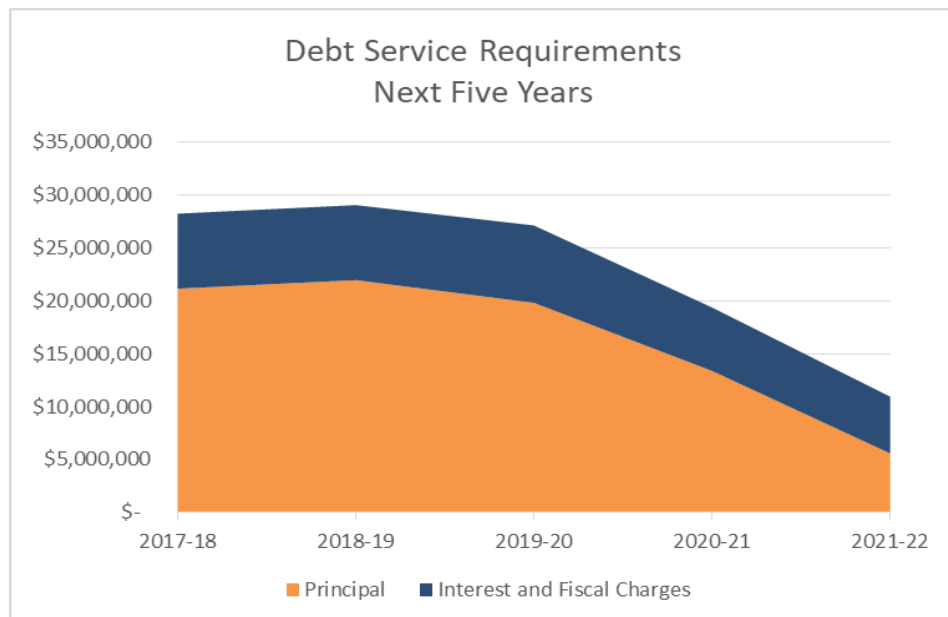
	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues				
Local Sources				
Property Taxes	\$ 28,341,410	\$ 26,687,770	\$ 27,310,206	\$ 27,322,859
Interest on Investments	<u>20,383</u>	<u>24,338</u>	<u>16,277</u>	<u>-</u>
Total Revenues & Other Sources	28,361,793	26,712,108	27,326,483	27,322,859
Expenditures				
Principal	21,160,000	18,065,000	23,320,000	21,715,000
Bond Issuance Costs			-	132,273
Interest and Fiscal Charges	7,101,952	8,959,320	3,607,142	4,380,970
Other	<u>80,000</u>	<u>44,058</u>	<u>62,548</u>	<u>39,461</u>
Total Expenditures & Other Uses	28,341,952	27,068,378	26,989,690	26,267,704
Excess (deficiency) of Revenues Over (Under) Expenditures	19,841	(356,270)	336,793	1,055,155
Other Financing Sources (Uses)				
Bond Refinancing Proceeds	-	-	-	11,435,000
Bond Premium	-	-	-	826,924
Payment to Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,653,898)</u>
Total Other Financing Sources (Uses)	-	-	-	(1,391,974)
Fund Balance July 1	<u>2,485,279</u>	<u>2,841,549</u>	<u>2,504,756</u>	<u>2,841,575</u>
Fund Balance June 30	<u>\$ 2,505,120</u>	<u>\$ 2,485,279</u>	<u>\$ 2,841,549</u>	<u>\$ 2,504,756</u>

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 will be 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. Fund balance will diminish over five years as progress is made on each project.

CAPITAL PROJECTS FUND BUDGET

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 445,993	\$ 875,598	\$ 336,520	\$ 285
Bond Proceeds	-	-	108,725,000	-
Bond Premiums	-	-	19,631,645	-
Other Local Revenues	59,401	-	-	-
Total Revenues & Other Sources	505,394	875,598	128,693,165	285
Expenditures & Other Financing Uses:				
Site Improvements	5,733,975	5,455,017	-	-
Buildings and Additions	27,362,844	18,045,447	-	-
Furniture, Fixtures and Equipment	11,298,198	5,037,060	4,119,047	1,193,240
Buses	92,000	2,544,220	-	-
Other	1,682,655	2,480,618	-	-
Total Expenditures & Other Uses	46,169,672	33,562,362	4,119,047	1,193,240
Excess (deficiency) of Revenues Over (Under) Expenditures	(45,664,278)	(32,686,764)	124,574,118	(1,192,955)
Other Financing Sources (Uses)				
Bond Issuance Costs	-	-	(632,611)	-
Transfers In	-	-	-	100,000
Total Other Financing Sources (Use)	-	-	(632,611)	100,000
Fund Balance July 1	91,278,591	123,965,355	23,848	1,116,803
Fund Balance June 30	<u>\$ 45,614,313</u>	<u>\$ 91,278,591</u>	<u>\$ 123,965,355</u>	<u>\$ 23,848</u>

CAPITAL PROJECTS FUND BUDGET

	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Forecast Budget 2018-19
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 76,375	\$ 160,860	\$ 570,000	\$ 300,000
Bond Proceeds	-	-	57,000,000	-
Total Revenues & Other Sources	76,375	160,860	57,570,000	300,000
Expenditures & Other Financing Uses:				
Site Improvements	2,613,330	2,903,840	3,558,122	4,005,190
Buildings and Additions	9,224,167	10,249,570	26,237,878	26,684,301
Furniture, Fixtures and Equipment	1,807,643	2,008,589	1,170,649	4,342,296
Buses	1,229,869	1,366,587	1,366,587	1,366,406
Other	476,372	529,328	1,024,254	1,276,358
Total Expenditures & Other Uses	15,351,381	17,057,914	33,357,490	37,674,551
Excess (deficiency) of Revenues Over (Under) Expenditures	(15,275,006)	(16,897,054)	24,212,510	(37,374,551)
Other Financing Sources (Uses)				
Bond Issuance Costs	-	-	(280,212)	-
Total Other Financing Sources (Uses)	-	-	(280,212)	-
Fund Balance July 1	15,275,006	32,172,060	8,239,762	45,614,313
Fund Balance June 30	\$ -	\$ 15,275,006	\$ 32,172,060	\$ 8,239,762

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 2019-2022) 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 2017-18</u>	<u>Actual 2016-17</u>	<u>Actual 2015-16</u>	<u>Actual 2014-15</u>
Adams High School	\$ 10,870,480	\$ 793,245	\$ 260,272	\$ 508,261
Rochester High School	4,393,051	13,747,625	495,551	-
Stoney Creek High School	1,506,734	656,096	-	5,252
Alternative Center (ACE)	6,676,943	30,387	4,921	-
Hart Middle School	726,498	844,658	245,626	-
Reuther Middle School	386,505	232,400	267,117	-
Van Hoosen Middle School	510,552	198,235	117,358	-
West Middle School	4,192,738	1,580,026	47,620	-
Baldwin Elementary	3,526,766	519,118	8,038	-
Brewster Elementary	261,656	62,751	59,870	-
Brooklands Elementary	300,337	55,532	6,850	-
Delta Kelly Elementary	325,635	66,500	97,009	-
Hamlin Elementary	4,150,566	1,403,907	-	-
Hampton Elementary	287,017	77,326	46,991	540,013
Hugger Elementary	2,289,859	6,203,995	64,108	-
Long Meadow Elementary	361,036	145,893	115,807	-
McGregor Elementary	326,725	200,101	534,209	-
Meadow Brook Elementary	236,934	152,386	10,451	75,256
Musson Elementary	4,941,196	6,304,143	65,605	-
North Hill Elementary	343,602	144,588	58,230	-
University Hills Elementary	300,596	28,073	66,651	-
R.A.C.E.	-	14,048	-	-
Administration Center/District	589,529	75,386	1,546,763	64,458
Facilities & Grounds	273,986	25,943	-	-
Transportation	-	-	-	-
Total	<u>\$ 47,778,941</u>	<u>\$ 33,562,362</u>	<u>\$ 4,119,047</u>	<u>\$ 1,193,240</u>

SUMMARY OF EXPENDITURES BY LOCATION
CAPITAL PROJECTS FUND

<u>Location</u>	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Adams High School	\$ -	\$ 98,813	\$ 55,805	\$ 3,269,145
Rochester High School	-	98,383	55,561	816,287
Stoney Creek High School	-	98,135	7,335,401	814,242
Alternative Center (ACE)	-	3,945	2,228	844,021
Hart Middle School	-	68,608	38,746	8,705,071
Reuther Middle School	-	2,051,342	23,951	351,884
Van Hoosen Middle School	-	2,410,220	29,730	436,786
West Middle School	-	52,027	29,382	431,671
Baldwin Elementary	-	32,732	18,485	271,585
Brewster Elementary	-	3,287,505	5,463,576	208,164
Brooklands Elementary	-	29,280	16,536	3,425,313
Delta Kelly Elementary	-	32,794	1,668,014	272,096
Hamlin Elementary	-	22,561	12,742	187,194
Hampton Elementary	-	26,815	15,143	5,800,737
Hugger Elementary	-	32,363	18,277	268,515
Long Meadow Elementary	-	34,828	19,669	4,664,448
McGregor Elementary	-	27,186	15,352	1,478,307
Meadow Brook Elementary	-	24,843	4,242,541	206,118
Musson Elementary	-	29,650	16,745	246,011
North Hill Elementary	-	33,288	6,496,261	276,187
University Hills Elementary	-	3,703,781	6,662,159	235,271
R.A.C.E.	-	-	-	-
Administration Center/District	-	2,872,851	34,813	138,805
Facilities & Grounds	-	500,180	-	-
Transportation	-	1,485,784	1,366,587	1,422,217
Total	<u>\$ -</u>	<u>\$ 17,057,914</u>	<u>\$ 33,637,704</u>	<u>\$ 34,770,075</u>

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 plans to initiate a new early learning program beginning with 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 will be conducted on a stand-alone platform and will be self-supported with tuition revenue. Revenue projections are based on area market tuition rates and student enrollment equal to 80% of classroom capacity in 2018-19, 90% in 2019-20, and 95% in 2020-21.

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. The projection assumes the October 2017 rate of 36.88% of gross wages remains constant through 2021 (25.56% defined benefit plus 11.32% MPERS UAAL Stabilization Rate).

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.

Summary Current Year Budget with Three Prior Years Actual – School Service Funds

SCHOOL SERVICE FUNDS				
	Final Budget 2017-18		Actual 2015-16	2014-15
Revenues				
Bookstore Sales	\$ 82,050	\$ 64,006	\$ 62,128	\$ 50,043
Tuition	-	-	-	-
Food Sales	2,366,012	2,264,018	2,620,404	2,406,716
State	125,323	252,433	62,223	162,711
Federal	1,115,000	1,032,573	1,120,095	1,138,754
Total Revenues	3,688,385	3,613,030	3,864,850	3,758,224
Expenditures				
Salaries	-	-	-	111,615
Contracted Services	1,897,236	1,465,365	1,789,009	1,883,040
Supplies	189,570	145,796	406,245	259,191
Food	1,509,600	1,167,982	1,189,059	1,311,533
Capital Outlay	1,138,783	15,442	2,072	1,528
Miscellaneous	6,630	7,520	108,111	7,725
Fringe Benefits	-	-	-	39,891
Total Expenditures	4,741,819	2,802,105	3,494,496	3,614,523
Other Financing Sources				
Interfund Transfers	-	4,344	50,754	-
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,053,434)	815,269	421,108	143,701
Fund Balance July 1	1,678,415	863,146	442,038	298,337
Fund Balance June 30	\$ 624,981	\$ 1,678,415	\$ 863,146	\$ 442,038

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

	SCHOOL SERVICE FUNDS			
	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Revenues				
Bookstore Sales	\$ 87,072	\$ 85,365	\$ 83,691	\$ 82,050
Tuition	3,449,425	3,348,956	2,951,477	2,578,160
Food Sales	2,585,405	2,510,102	2,436,992	2,366,012
State	147,000	147,000	147,000	125,323
Federal	1,115,000	1,115,000	1,115,000	1,115,000
Total Revenues	<u>7,383,902</u>	<u>7,206,423</u>	<u>6,734,160</u>	<u>6,266,545</u>
Expenditures				
Salaries	810,882	806,848	679,372	570,981
Contracted Services	3,870,547	3,786,280	3,566,734	3,349,803
Supplies	399,521	389,799	374,556	355,390
Food	1,602,000	1,570,588	1,539,792	1,509,600
Capital Outlay	160,000	160,000	160,000	110,000
Miscellaneous	12,394	12,100	11,863	11,630
Fringe Benefits	533,675	460,065	395,285	339,745
Total Expenditures	<u>7,389,019</u>	<u>7,185,680</u>	<u>6,727,602</u>	<u>6,247,149</u>
Other Financing Sources				
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(5,117)	20,743	6,558	19,396
Fund Balance July 1	671,678	650,935	644,377	624,981
Fund Balance June 30	\$ <u><u>666,561</u></u>	\$ <u><u>671,678</u></u>	\$ <u><u>650,935</u></u>	\$ <u><u>644,377</u></u>

Note: The District will initiate a new early learning program in the 2018-19 school year.

Book Store Fund

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

SCHOOL SERVICE FUND BUDGET - BOOK STORES

	Final Budget 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15
Revenues				
Bookstore Sales	\$ 82,050	\$ 64,006	\$ 62,128	\$ 50,043
Total Revenue	82,050	64,006	62,128	50,043
Expenditures				
Purchased Services	1,650	993	1,186	140
Supplies	76,350	56,385	62,997	47,703
Miscellaneous	-	-	-	1,450
Total Expenditures	78,000	57,378	64,183	49,293
Excess (deficiency) of Revenues Over (Under) Expenditures	4,050	6,628	(2,055)	750
Fund Balance July 1	68,482	61,854	63,909	63,159
Fund Balance June 30	\$ 72,532	\$ 68,482	\$ 61,854	\$ 63,909

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

SCHOOL SERVICE FUND BUDGET - BOOK STORES

	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Revenues				
Bookstore Sales	\$ 87,072	\$ 85,365	\$ 83,691	\$ 82,050
Total Revenue	87,072	85,365	83,691	82,050
Expenditures				
Purchased Services	1,751	1,717	1,683	1,650
Supplies	81,024	79,435	77,877	76,350
Miscellaneous	-	-	-	-
Total Expenditures	82,775	81,152	79,560	78,000
Excess (deficiency) of Revenues Over (Under) Expenditures	4,297	4,213	4,131	4,050
Fund Balance July 1	84,926	80,713	76,582	72,532
Fund Balance June 30	\$ 89,223	\$ 84,926	\$ 80,713	\$ 76,582

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

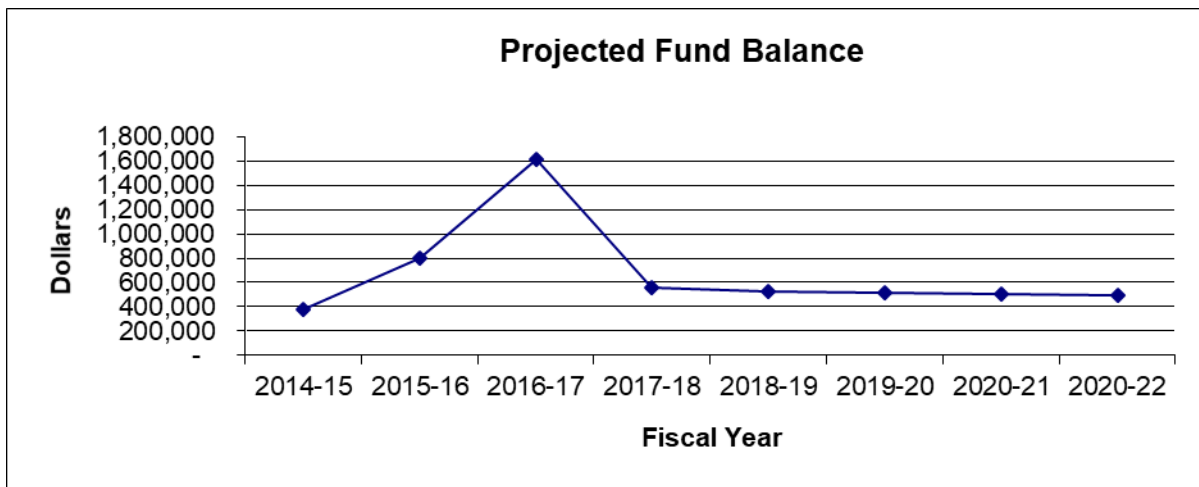
SCHOOL SERVICE FUND BUDGET - FOOD SERVICE

	Final Budget 2017-18	2016-17	Actual 2015-16	2014-15
Revenues				
Food Sales	\$ 2,366,012	\$ 2,264,018	\$ 2,620,404	\$ 2,406,716
State	125,323	252,433	62,223	162,711
Federal	1,115,000	1,032,573	1,120,095	1,138,754
Total Revenues	3,606,335	3,549,024	3,802,722	3,708,181
Expenditures				
Salaries	-	-	-	111,615
Purchased Services	1,895,586	1,464,372	1,787,823	1,882,900
Supplies	113,220	89,411	343,248	211,488
Food	1,509,600	1,167,982	1,189,059	1,311,533
Capital Outlay	1,138,783	15,442	2,072	1,528
Miscellaneous	6,630	7,520	108,111	6,275
Fringe Benefits	-	-	-	39,891
Total Expenditures	4,663,819	2,744,727	3,430,313	3,565,230
Other Financing Sources				
Interfund Transfers	-	4,344	50,754	-
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,057,484)	808,641	423,163	142,951
Fund Balance July 1	1,609,933	801,292	378,129	235,178
Fund Balance June 30	<u>\$ 552,449</u>	<u>\$ 1,609,933</u>	<u>\$ 801,292</u>	<u>\$ 378,129</u>

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

SCHOOL SERVICE FUND BUDGET - FOOD SERVICE

	Budget 2021-22	Budget 2020-21	Budget 2019-20	Budget 2018-19
Revenues				
Food Sales	\$ 2,585,405	\$ 2,510,102	\$ 2,436,992	\$ 2,366,012
State	147,000	147,000	147,000	125,323
Federal	1,115,000	1,115,000	1,115,000	1,115,000
Total Revenues	3,847,405	3,772,102	3,698,992	3,606,335
Expenditures				
Salaries	-	-	-	-
Purchased Services	2,117,732	2,076,208	2,035,498	1,995,586
Supplies	120,150	117,794	115,484	113,220
Food	1,602,000	1,570,588	1,539,792	1,509,600
Capital Outlay	10,000	10,000	10,000	10,000
Miscellaneous	7,036	6,898	6,763	6,630
Fringe Benefits	-	-	-	-
Total Expenditures	3,856,918	3,781,488	3,707,537	3,635,036
Other Financing Sources				
Interfund Transfers	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	(9,513)	(9,386)	(8,545)	(28,701)
Fund Balance July 1	505,817	515,203	523,748	552,449
Fund Balance June 30	\$ 496,304	\$ 505,817	\$ 515,203	\$ 523,748



Early Learning Center

The District will begin operating an early learning center in the fall of 2018. Forecasted revenue levels are based on expected enrollment for 2018, 2019, and 2020 at capacity rates of 85%, 90%, and 100% respectively. Projected expenditures include staffing at levels that meet regulatory requirements at each age level.

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

SCHOOL SERVICE FUND BUDGET - EARLY LEARNING CENTER

	Forecast Budget 2021-22	Forecast Budget 2020-21	Forecast Budget 2019-20	Budget 2018-19
Revenues				
Tuition	\$ 3,449,425	\$ 3,348,956	\$ 2,951,477	\$ 2,578,160
Total Revenues	3,449,425	3,348,956	2,951,477	2,578,160
Expenditures				
Salaries	810,882	806,848	679,372	570,981
Purchased Services	1,751,064	1,708,355	1,529,553	1,352,567
Supplies	198,347	192,570	181,195	165,820
Capital Outlay	150,000	150,000	150,000	100,000
Miscellaneous	5,358	5,202	5,100	5,000
Fringe Benefits	533,675	460,065	395,285	339,745
Total Expenditures	3,449,326	3,323,040	2,940,505	2,534,113
Excess (deficiency) of Revenues Over (Under) Expenditures	99	25,916	10,972	44,047
Fund Balance July 1	80,935	55,019	44,047	-
Fund Balance June 30	<u>\$ 81,034</u>	<u>\$ 80,935</u>	<u>\$ 55,019</u>	<u>\$ 44,047</u>

Classification of Fund Balance History

Governmental funds report non-spendable fund balance for amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the Board of education. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

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

Funding of Future Goals and Objectives

The district is planning to implement a new orchestra program at the middle and high school levels, beginning with the middle schools in the 2018-19 school year. This program will be funded with current general fund operating revenue. Estimated costs for this program are illustrated as follows:

	Orchestra Program Implementation Cost Estimate		
	Middle School		
	2018-19	2019-20	2020-21
Equipment, Instruments, and Sheet Music	\$ 149,415	\$ 152,563	\$ 9,151
Teacher salaries and benefits (2.5 FTE)	173,470	181,881	190,499
Teacher festival stipend	3,105	3,105	3,105
MSBOA membership fees	1,500	1,500	1,500
Festival entry fees	1,440	1,440	1,440
Transportation to/from festivals	2,500	2,500	2,500
Total estimated program cost	<u>\$480,845</u>	<u>\$495,552</u>	<u>\$217,346</u>

**Number of instruments based on national norm of 20% of student enrollment

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 \$1,880,040 at June 30, 2016. Following is a schedule of the early retirement incentive liability:

Early Retirement Incentive	
Year Ended June 30,	Amount Due
2017	\$ 687,680
2018	462,400
2019	333,980
2020	214,800
2021	90,760
2022	60,120
2023	18,020
2024	10,080
2025	2,200
	<u>\$ 1,880,040</u>

Rochester Community Schools Informational Section



Property Tax Values-Assessed and Estimated

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year			Real Property		Personal Property	
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2021-22	*	Non-homest	\$ 1,071,643,259	\$ 2,143,286,518	\$ 84,218,708	\$ 168,437,416
		Homestead	4,197,027,847	8,394,055,694	-	-
		Total	5,268,671,106	10,537,342,212	84,218,708	168,437,416
2020-21	*	Non-homest	\$ 1,050,630,646	\$ 2,101,261,292	\$ 82,567,361	\$ 165,134,722
		Homestead	4,114,733,183	8,229,466,366	-	-
		Total	5,165,363,829	10,330,727,658	82,567,361	165,134,722
2019-20	*	Non-homest	\$ 1,030,030,045	\$ 2,060,060,090	\$ 80,948,393	\$ 161,896,786
		Homestead	4,034,052,140	8,068,104,280	-	-
		Total	5,064,082,185	10,128,164,370	80,948,393	161,896,786
2018-19	**	Non-homest	\$ 1,009,833,377	\$ 2,019,666,754	\$ 79,361,170	\$ 158,722,340
		Homestead	3,954,953,078	7,909,906,156	-	-
		Total	4,964,786,455	9,929,572,910	79,361,170	158,722,340
2017-18	**	Non-homest	\$ 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-homest	\$ 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-homest	\$ 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
2014-15	**	Non-homest	\$ 790,024,980	\$ 1,580,049,960	\$ 106,010,250	\$ 212,020,500
		Homestead	3,354,245,800	6,708,491,600	-	-
		Total	4,144,270,780	8,288,541,560	106,010,250	212,020,500

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

PROPERTY TAX RATES

	Operating Mills*	Debt Mills	Total Mills
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
2014-15	18.0000	6.4000	24.4000

** 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
2018-19* \$	17,996,397	\$ -	0.00%	\$ -	\$ -	0.00%
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%
2014-15	16,009,536	15,556,359	97.17%	453,177	16,009,536	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

	2018-19	2017-18	2016-17	2015-16	2014-15
Median Market Value of a Home (1)	\$ 254,900	\$ 249,902	\$ 246,874	\$ 242,033	\$ 237,125
State Equalized Value (SEV) (2)	127,450	124,951	123,437	121,017	118,563
Inflation Rate	127,450	124,951	123,437	121,017	118,563
Taxable Value (3)					
State Education Property Tax (4)	765	750	741	726	711
Debt Retirement (4)	766	750	728	750	759
Property Tax Paid to Schools (4)	1,531	1,500	1,469	1,476	1,470
Increase(decrease) from prior year	31	31	(7)	6	(37)

(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	6.01	6.00	5.90	6.20	6.40

Source Median Market Value: Decision Insite

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 2017, and projected enrollment through 2018 using the cohort survival method.

Fall Student Enrollment					
	Actual*				
	2013	2014	2015	2016	2017
Elementary Schools:					
Kindergarten	966	961	991	1,025	1,004
1st Grade	1,030	1,020	1,002	1,013	1,093
2nd Grade	1,048	1,032	1,019	1,039	1,039
3rd Grade	1,050	1,050	1,081	1,030	1,082
4th Grade	1,122	1,094	1,079	1,111	1,080
5th Grade	1,105	1,151	1,109	1,110	1,137
Total	6,321	6,308	6,281	6,328	6,435
Middle Schools:					
6th Grade	1,108	1,093	1,154	1,126	1,137
7th Grade	1,176	1,116	1,131	1,167	1,177
8th Grade	1,111	1,178	1,148	1,171	1,183
Total	3,395	3,387	3,433	3,464	3,497
High Schools:					
9th Grade	1,195	1,155	1,216	1,220	1,207
10th Grade	1,225	1,205	1,189	1,243	1,211
11th Grade	1,205	1,244	1,217	1,184	1,260
12th Grade	1,284	1,227	1,268	1,245	1,216
Total	4,909	4,831	4,890	4,892	4,894
Alternative Education	33	27	34	14	40
Special Education	455	433	434	419	437
Grand Total	15,113	14,986	15,072	15,117	15,303

*Source: District records

Fall Student Enrollment

		Projected**			
	2018	2019	2020	2021	2022
Elementary Schools:					
Kindergarten	1,028	1,029	1,031	1,033	1,024
1st Grade	1,063	1,067	1,065	1,064	1,065
2nd Grade	1,122	1,085	1,087	1,084	1,085
3rd Grade	1,069	1,143	1,103	1,105	1,106
4th Grade	1,115	1,092	1,170	1,127	1,128
5th Grade	1,108	1,133	1,109	1,185	1,151
Total	6,505	6,549	6,565	6,598	6,559
Middle Schools:					
6th Grade	1,180	1,131	1,157	1,128	1,200
7th Grade	1,182	1,204	1,154	1,182	1,152
8th Grade	1,223	1,197	1,216	1,168	1,201
Total	3,585	3,532	3,527	3,478	3,553
High Schools:					
9th Grade	1,226	1,229	1,200	1,218	1,175
10th Grade	1,208	1,228	1,230	1,198	1,216
11th Grade	1,213	1,209	1,227	1,225	1,195
12th Grade	1,268	1,226	1,222	1,239	1,231
Total	4,915	4,892	4,879	4,880	4,817
Alternative Education	40	40	40	40	40
Special Education	435	434	434	433	433
Grand Total	15,480	15,447	15,445	15,429	15,402

**Source: Decision Insite Enrollment Forecast Report 2018

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

Personnel Resource Allocations

Full-Time Equivalent (FTE)

Position	Actual*			
	2014-15	2015-16	2016-17	2017-18
Teachers	950	890	893	901
Administrators	31	31	32	32
Secretaries	86	92	90	90
Maintenance/Grounds/Technicians	41	39	42	42
Paraprofessionals	351	280	274	274
Executive Staff/Directors	11	9	10	10
Total FTE	<u>1,470</u>	<u>1,341</u>	<u>1,341</u>	<u>1,349</u>

Full-Time Equivalent (FTE)

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

Outstanding Bond Issues and Amortization

DETAIL SCHEDULE OF BONDED INDEBTEDNESS JUNE 30, 2018

	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund						
1997 Building & Site \$ 100,575,000						
			11/1/18	-	375,000	375,000
		5.00%	5/1/19	7,500,000	-	7,500,000
				<u>\$ 7,500,000</u>	<u>\$ 375,000</u>	<u>\$ 7,875,000</u>

On June 9, 1997 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$100,000,000 for the purpose of erecting, furnishing and equipping a high school, and to remodel, refurbish, and re-equip two existing high school facilities and the alternative education center.

DETAIL SCHEDULE OF BONDED INDEBTEDNESS JUNE 30, 2018

	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund						
2012 Refunding Bonds \$ 26,980,000						
			11/1/18	-	182,688	182,688
		4.00%	5/1/19	4,325,000	182,688	4,507,688
			11/1/19	-	96,188	96,188
		4.50%	5/1/20	4,275,000	96,188	4,371,188
				<u>\$ 8,600,000</u>	<u>\$ 557,750</u>	<u>\$ 9,157,752</u>

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.

DETAIL SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2018

	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund						
2014 Refunding Bonds \$	47,465,000					
			11/1/18	-	100,900	100,900
		4.00%	5/1/19	5,045,000	100,900	5,145,900
				<u>\$ 5,045,000</u>	<u>\$ 201,800</u>	<u>\$ 5,246,800</u>

The Bonds, as authorized for issuance by resolutions of the Board of Education of the School District adopted on December 9, 2013 and February 10, 2014, are for the purpose of currently refunding that portion of the School District's outstanding 2004 Refunding Bonds, dated February 18, 2004, which are due and payable May 1, 2015 through May 1, 2019 (the Prior Bonds) and to pay the costs of issuing the Bonds.

DETAIL SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2018

	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund						
2015 Refunding \$	11,435,000					
			11/1/18	-	46,250	46,250
		5.00%	5/1/19	900,000	46,250	946,250
			11/1/19	-	23,750	23,750
		5.00%	5/1/20	950,000	23,750	973,750
				<u>\$ 1,850,000</u>	<u>\$ 140,000</u>	<u>\$ 1,990,000</u>

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.

DETAIL SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2018

		Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
Debt Retirement Fund							
2016	Building & Site	\$ 108,725,000					
				11/1/17	\$ -	\$ 2,644,625	\$ 2,644,625
			5.00%	5/1/18	3,800,000	2,644,625	6,444,625
				11/1/18	-	2,549,625	2,549,625
			5.00%	5/1/19	4,200,000	2,549,625	6,749,625
				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>\$ 107,575,000</u>	<u>\$ 51,619,250</u>	<u>\$ 159,194,250</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, 2018

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
4 Year Graduation Rate	96.00%	96.00%	96.00%	95.00%
Attendance Rate	97.00%	97.00%	97.00%	97.00%
Drop Out Rate	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.

Michigan School Index System

The Michigan Department of Education issued the following 2016-17 Michigan School Index System Policy Brief:

The Michigan School Index System was developed to comply with the accountability requirements set forth in the Every Student Succeeds Act (ESSA) of 2015. The school index system allows users to analyze a school's strengths and weaknesses in a range of areas. Schools receive credit in each area based on the degree to which the school meets its targets. Areas included in a school's index may include: student assessment data, graduation rates, attendance rates, completing advanced coursework, postsecondary enrollment, and staffing ratios. Schools receive an overall index value based on the areas above in which they have data, as well as index values for each individual area and student subgroup. Index values can range from 0-100. Schools with low index values are identified as one of three low-performing school types according to federal requirements specified in ESSA.

Index System Components

Schools can have up to six components comprising their overall index value. Schools without enough students/data may have some components excluded from their overall index value. For example, an elementary school will not have a graduation rate component. Schools missing components will have weights from those missing components redistributed proportionally to remaining components.

Performance Measure	Weight
Student Growth	34%
Student Proficiency	29%
School Quality/Student Success*	14%
Graduation Rate	10%
English Learner Progress	10%
Assessment Participation	3%

Includes: Chronic Absenteeism, Advanced Coursework, Postsecondary Enrollment, Access to Arts/Physical Education, and Access to Librarians/Media Specialists

Student Subgroups

Schools with a valid student subgroup (any subgroup with at least 30 students) will have an index value calculated for the subgroup as well as have the subgroup included in the component and overall index values. Student subgroups include: Racial/ethnic subgroups,

Economically Disadvantaged, English Learners, and Students with Disabilities.

School Identification

Identification Category	Identification Criteria	Identification Frequency
Comprehensive Support and Improvement	5% of schools with lowest index values and any school with 67% or lower graduation rate	Every three years
Targeted Support and Improvement	Schools with a subgroup index value at or below the highest index value of Comprehensive Support and Improvement schools	Annually
Additional Targeted Support	Schools with at least three subgroups meeting the same criteria as Targeted Support and Improvement	Every three years

District measures by school are as follows:

School Accountability Spring 2018 Based on 2016-17 Data

<u>School</u>	<u>Index</u>
Adams High School	99.92
Alternative Center for Ed.	66.54
Baldwin Elementary	98.04
Brewster Elementary	99.48
Brooklands Elementary	89.28
Delta Kelly Elementary	97.76
Hamlin Elementary	98.62
Hampton Elementary	94.98
Hart Middle School	92.19
Hugger Elementary	97.27
Long Meadow Elementary	99.17
McGregor Elementary	90.60
Meadow Brook Elementary	99.08
Musson Elementary	98.81
North Hill Elementary	98.08
Reuther Middle School	84.49
Rochester High School	90.58
Stoney Creek High School	94.40
University Hills Elementary	98.96
Van Hoosen Middle School	91.87
West Middle School	87.69
DISTRICT AVERAGE	93.71

Graduation and Attendance Rates

Description	2013-14	2014-15	2015-16	2016-17
4 Year Graduation Rate	95.42%	96.19%	96.29%	96.05%
Attendance Rate	96.86%	96.54%	96.51%	96.76%
Drop Out Rate	2.37%	2.51%	1.42%	1.97%

The district's four year graduation and attendance rates remained steady when compared to the prior year with variance of less than half a percent, maintaining a stellar rating of more than 96% for both. For reference, the State of Michigan's graduation rate target is 80%.

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%.

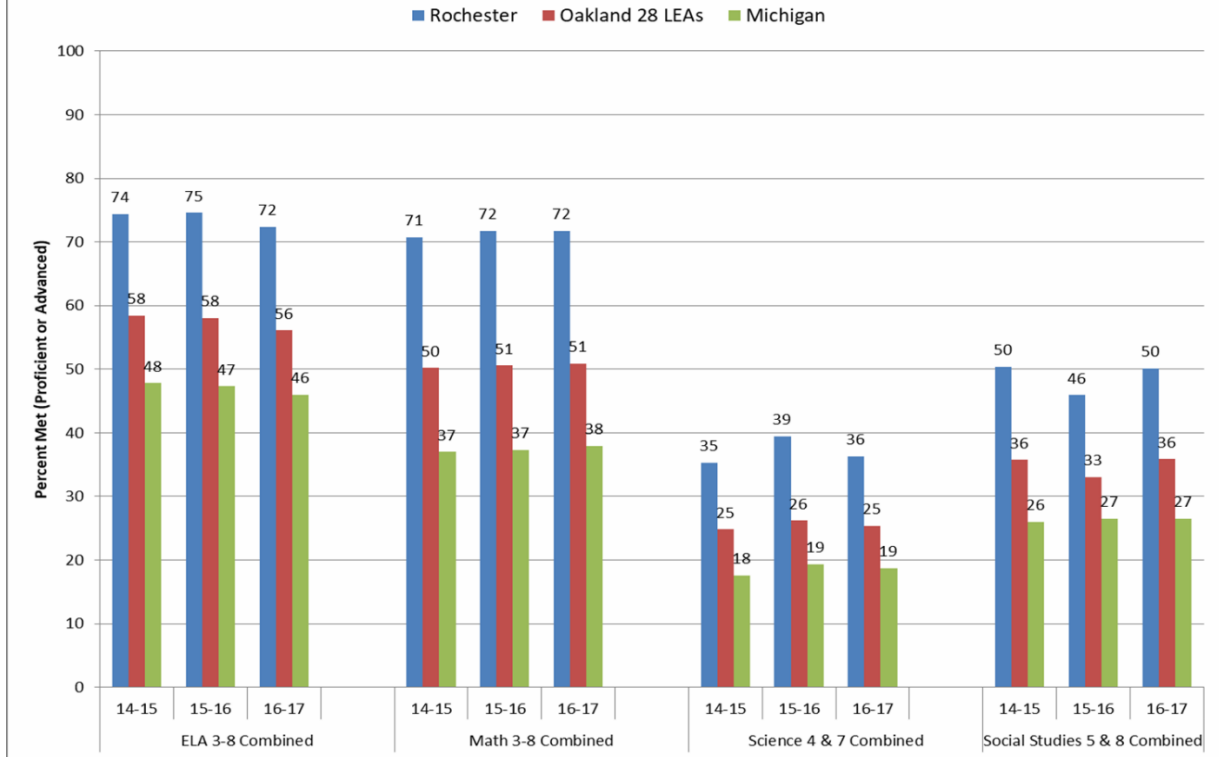
In order to tie student growth on state assessments to specific educators, students must be linked to courses and teachers through the TSDL. The TSDL is a data collection submitted to Center for Educational Performance and Information (CEPI) by schools and districts on an annual basis. The TSDL completion 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

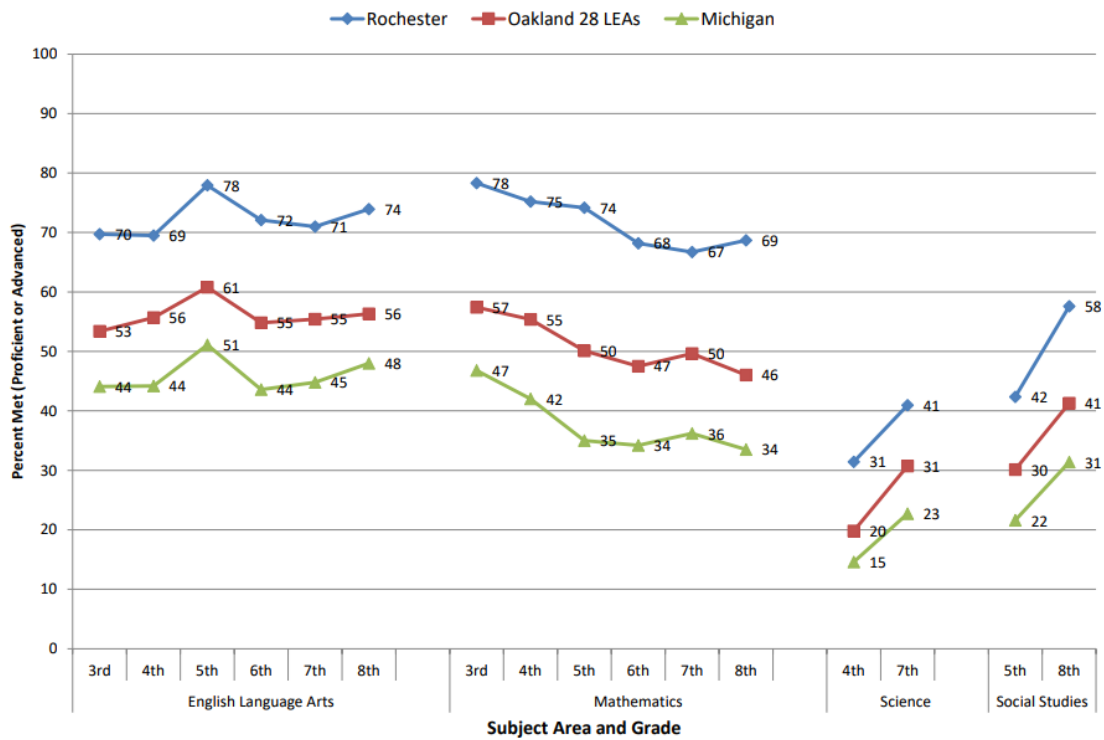
The Michigan Department of Education (MDE) implemented a student assessment system, called the Michigan Student Test of Educational Progress (M-STEP), in the spring of 2015. The M-STEP encompasses English language arts and mathematics (administered to students in grades 3-8), science (grades 4, 7, and 11), and social studies (grades 5, 8, and 11). The general assessment for students in grade 11 is the Michigan Merit Examination (MME), which includes a free SAT with Essay. The MME serves as a college entrance exam for English language arts and mathematics, along with M-STEP for the science and social studies components. The MME includes the ACT WorkKeys (a system designed to help students develop better workplace skills).

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 rank in the top three schools on the PSAT and SAT. Following are the most recent available M-Step results by subject and grade:

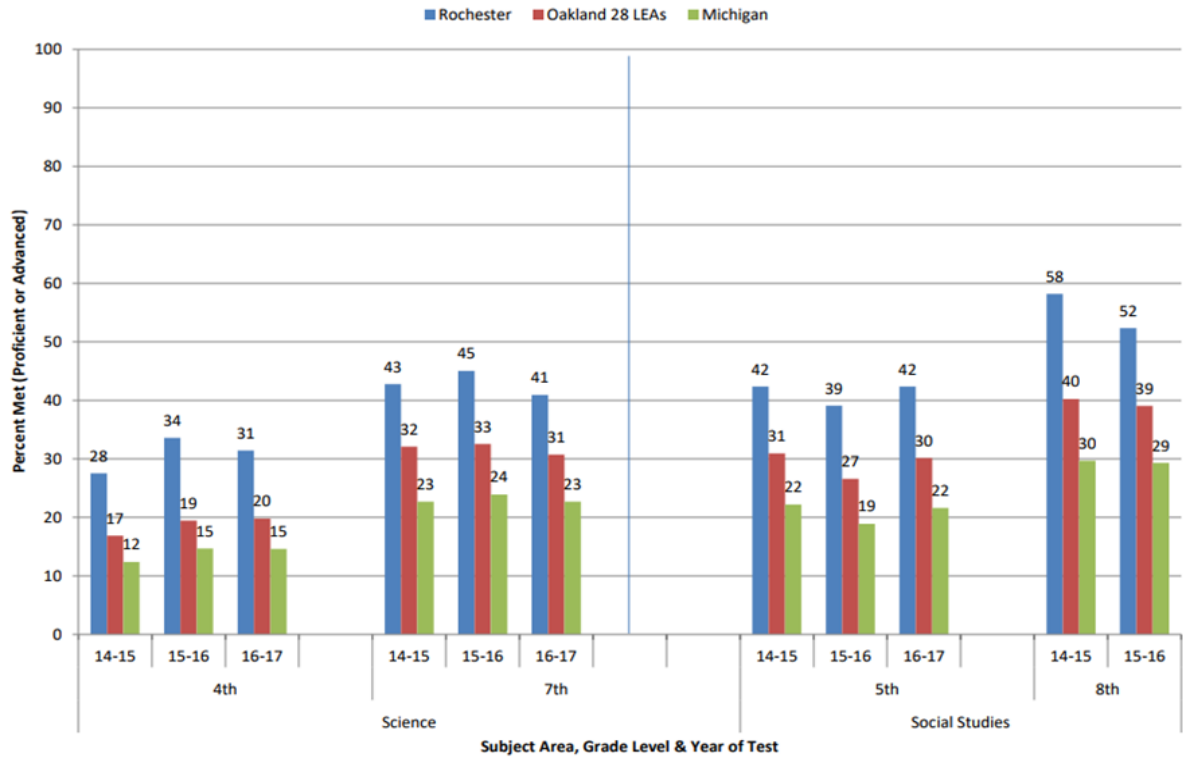
2014-15 - 2016-17 M-STEP Grades 3 - 8 Combined Results



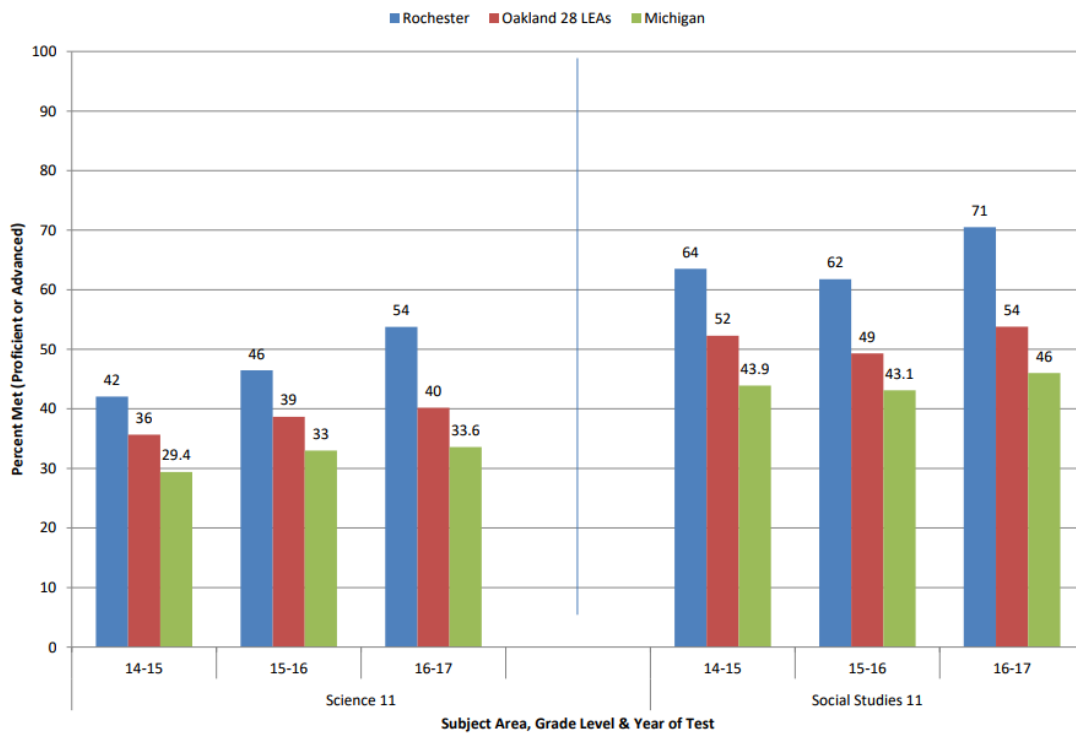
2016-17 M-STEP Results

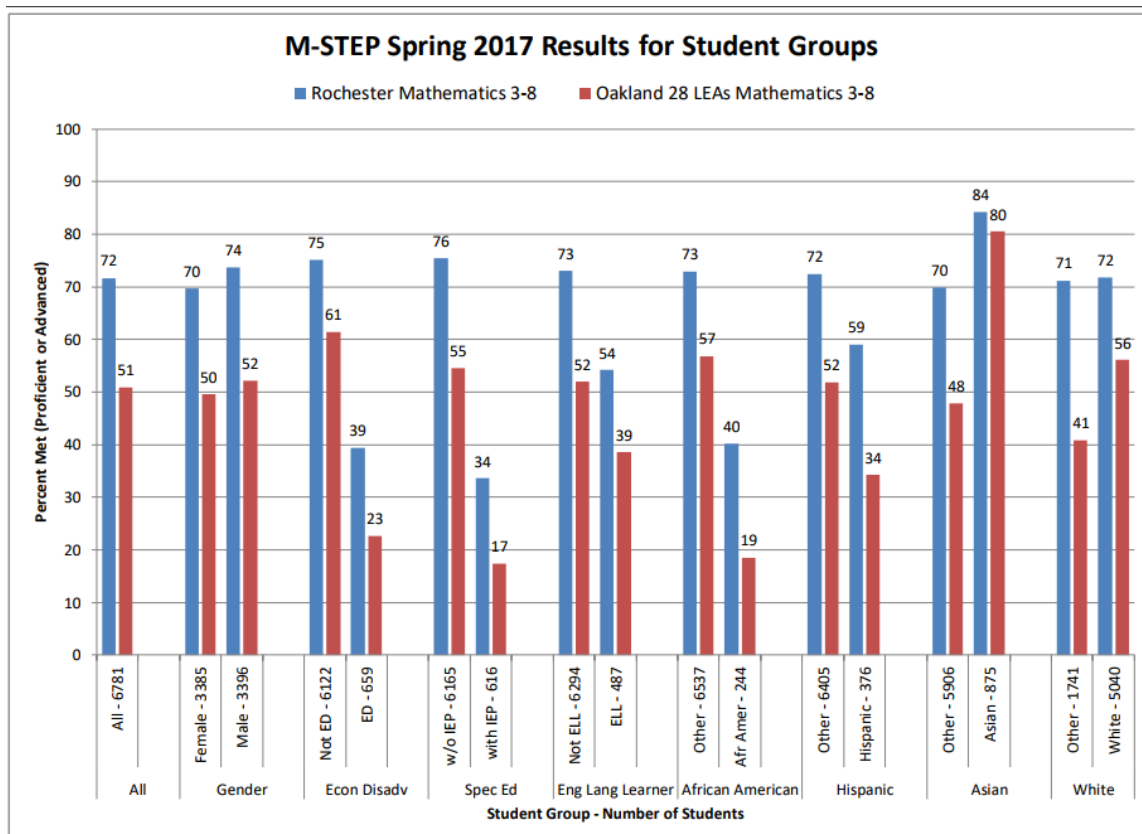
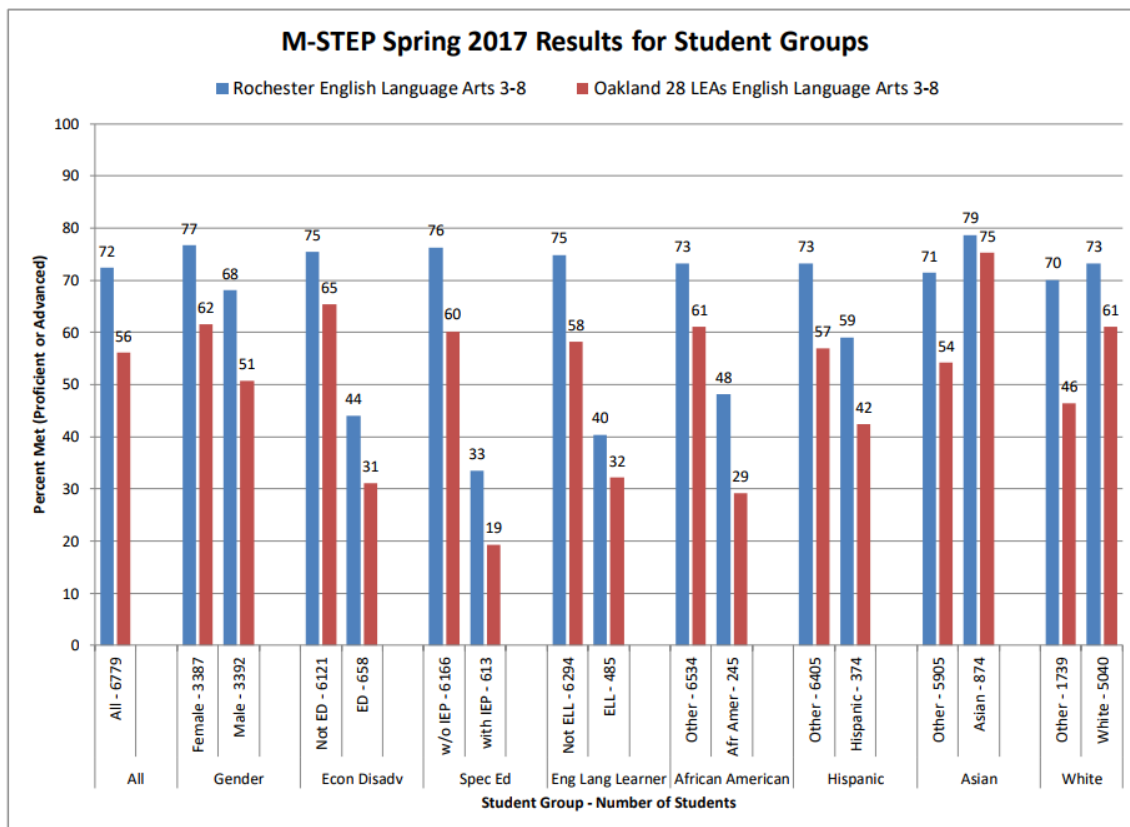


2014-15 thru 2016-17 M-STEP Results

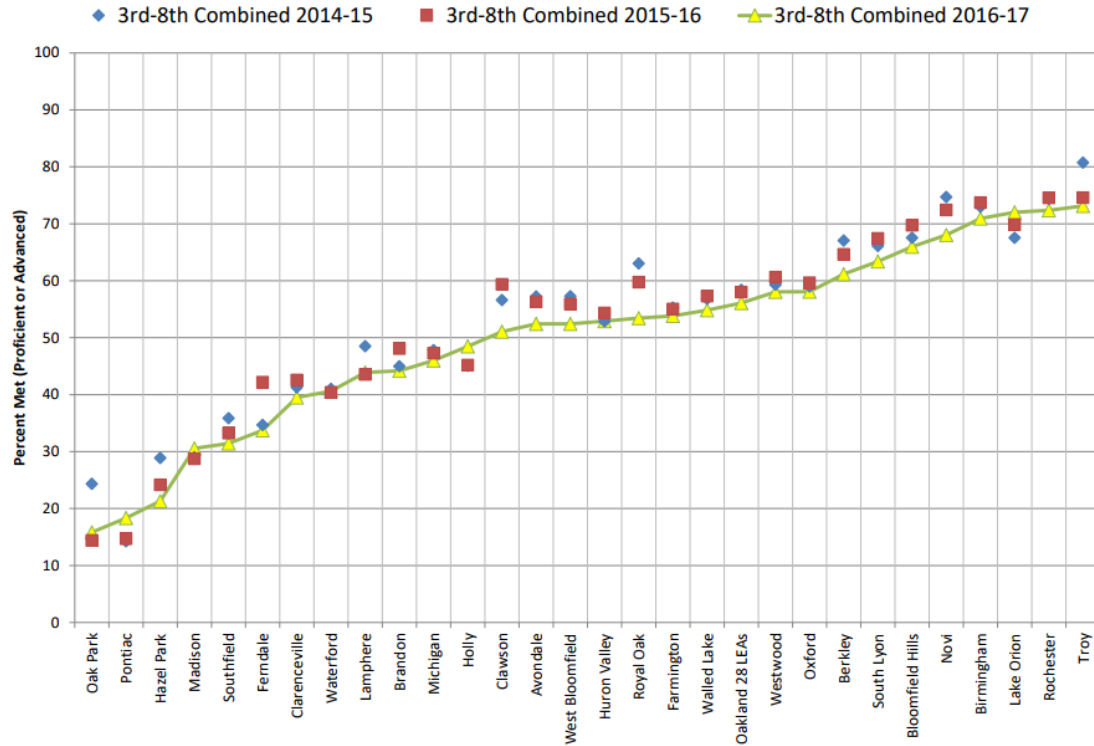


2014-15 thru 2016-17 M-STEP Results

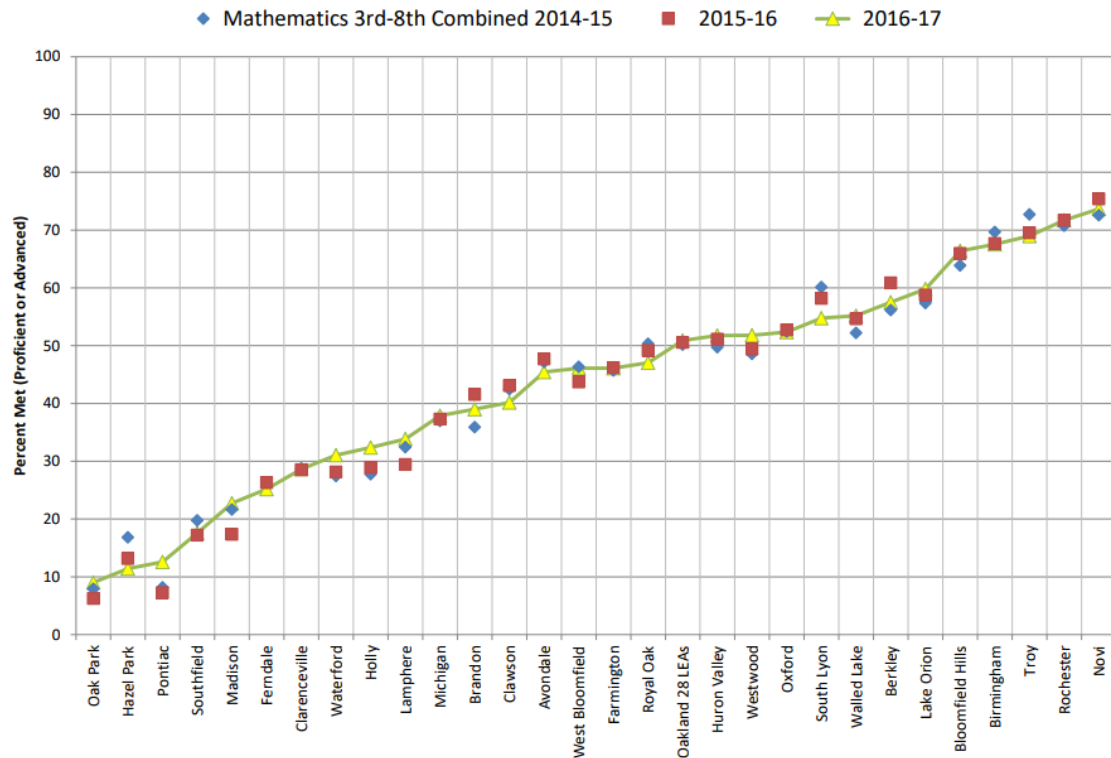




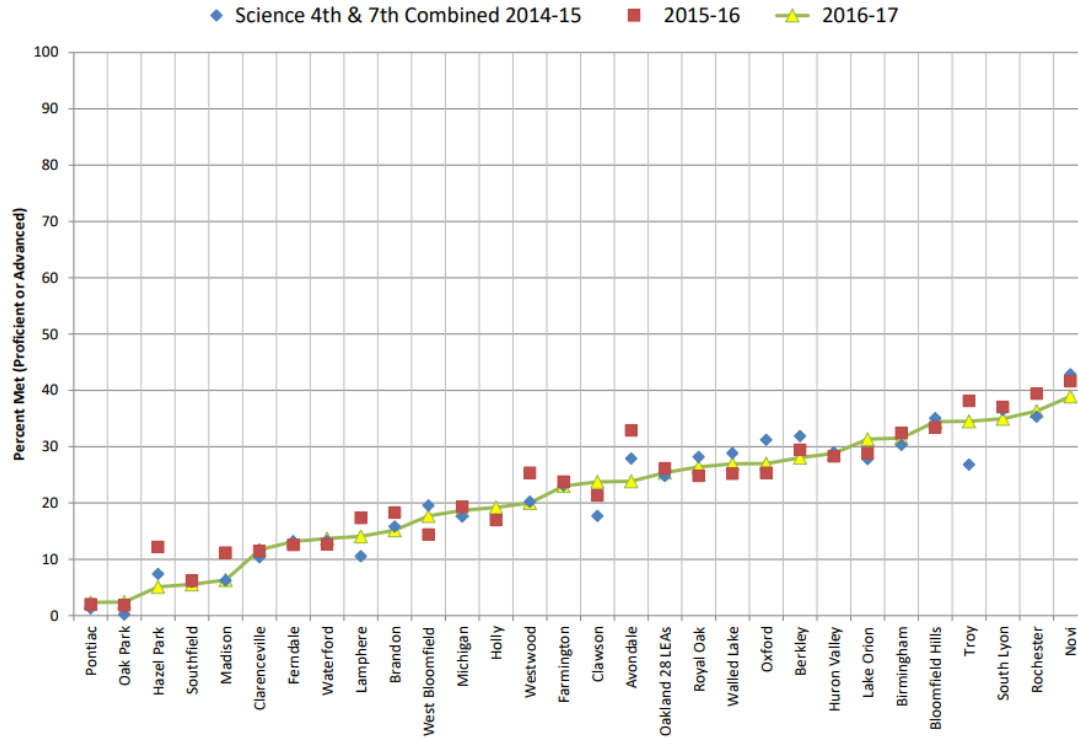
Oakland 28 LEAs Ranked on 2016-17 M-STEP ELA Percent Met



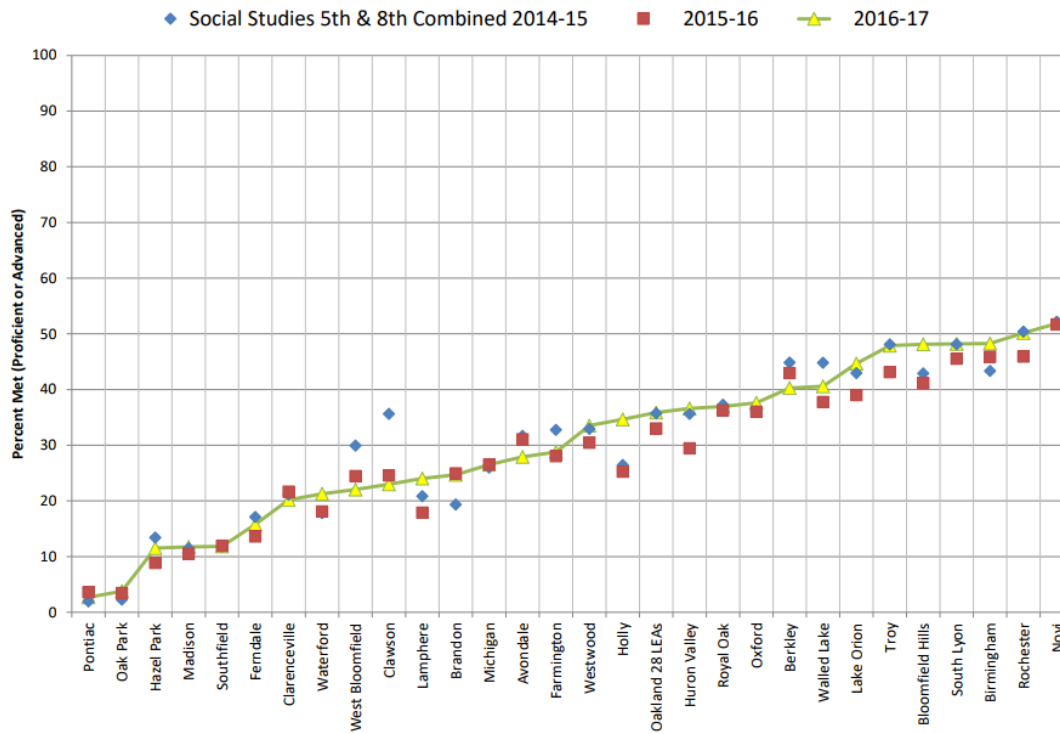
Oakland 28 LEAs Ranked on 2016-17 M-STEP Percent Met



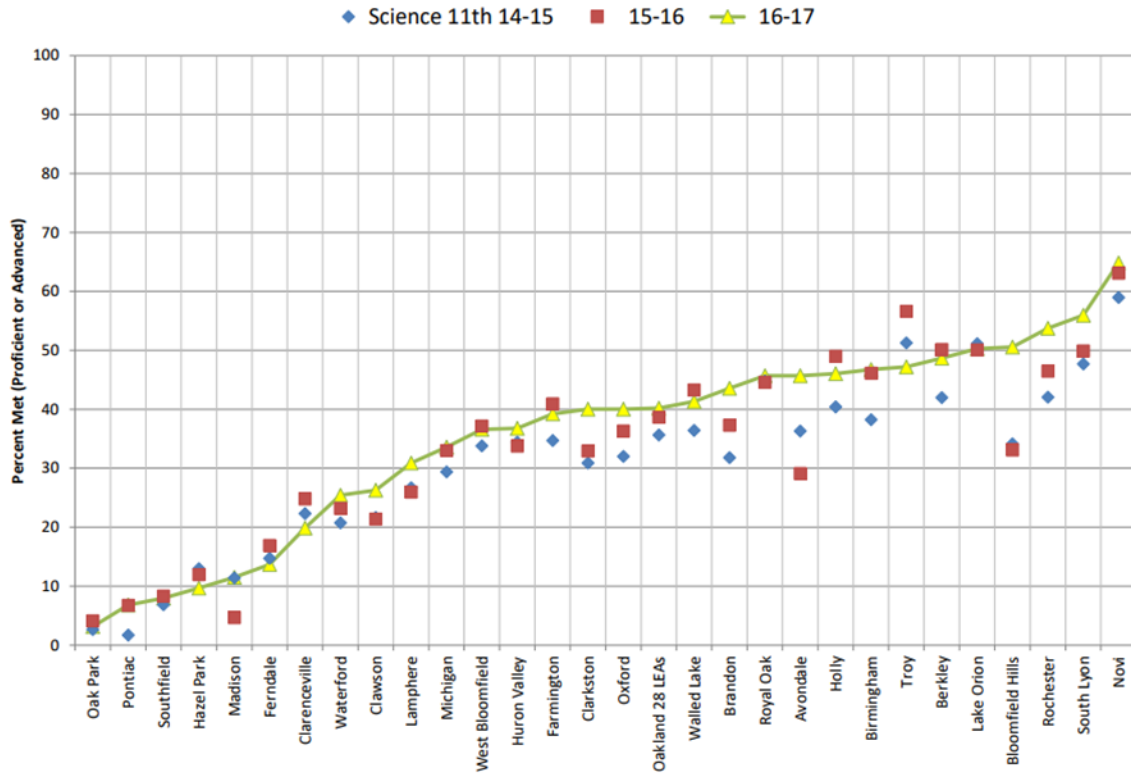
Oakland 28 LEAs Ranked on 2016-17 M-STEP Percent Met



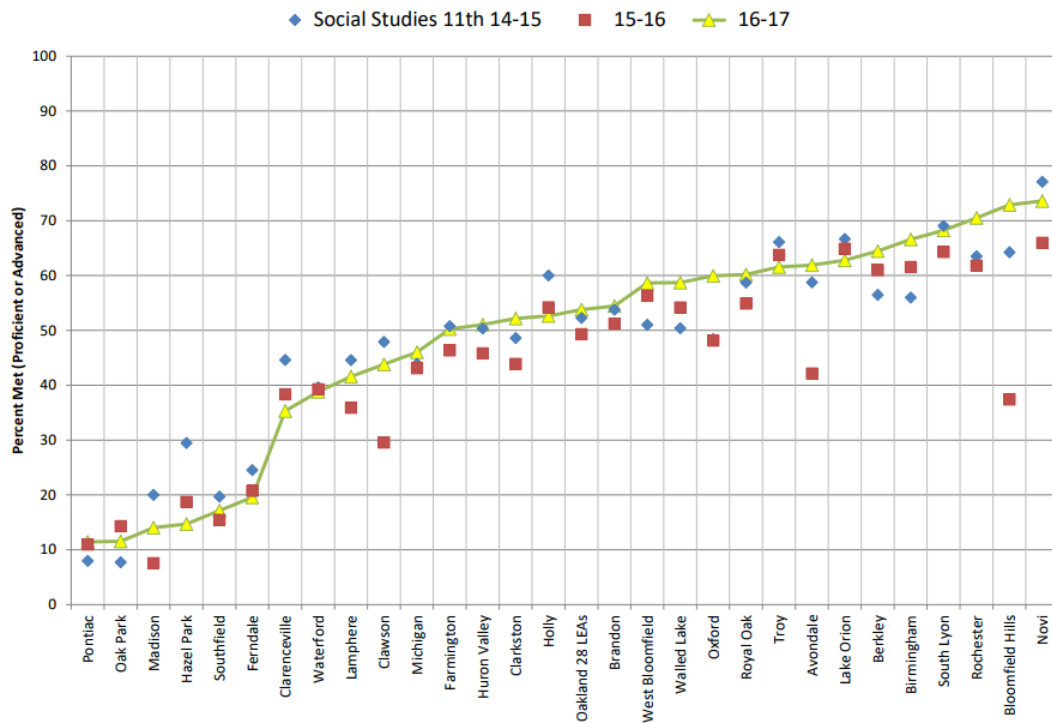
Oakland 28 LEAs Ranked on 2016-17 M-STEP Percent Met



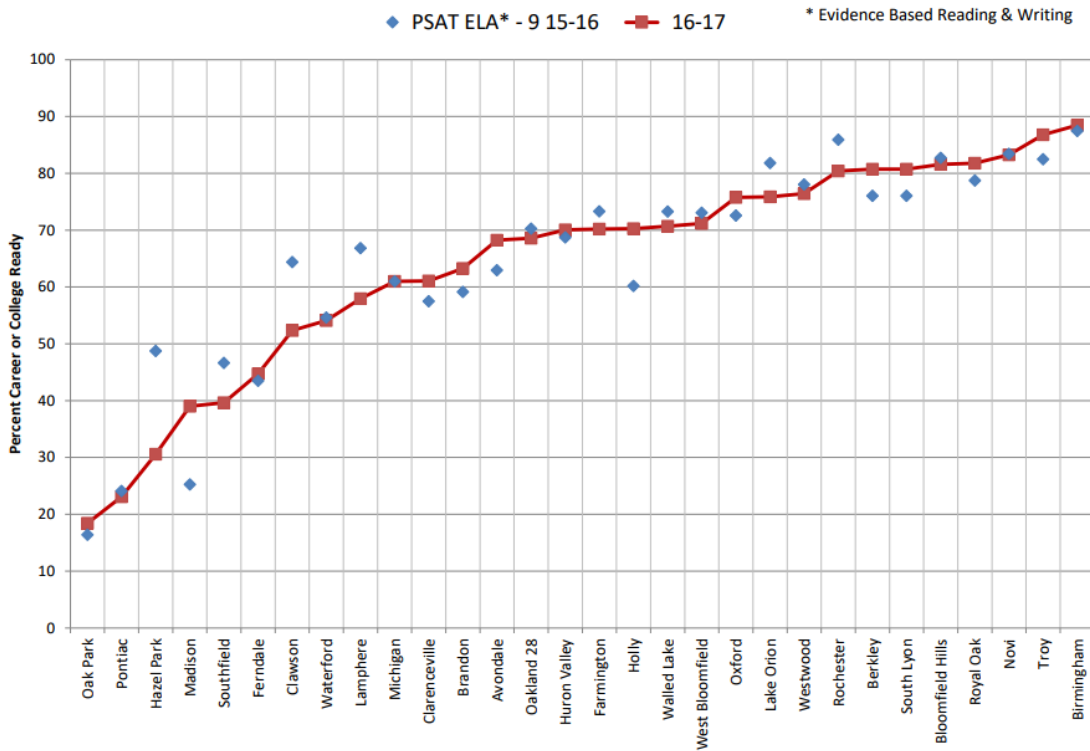
Oakland 28 LEAs Ranked on 2016-17 M-STEP Percent Met



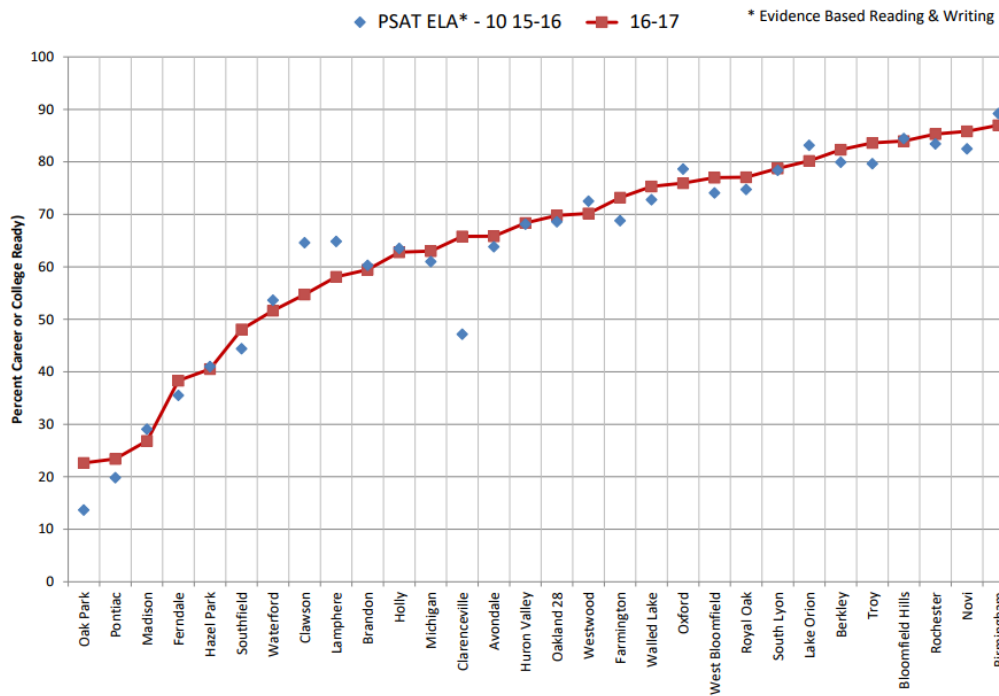
Oakland 28 LEAs Ranked on 2016-17 M-STEP Percent Met



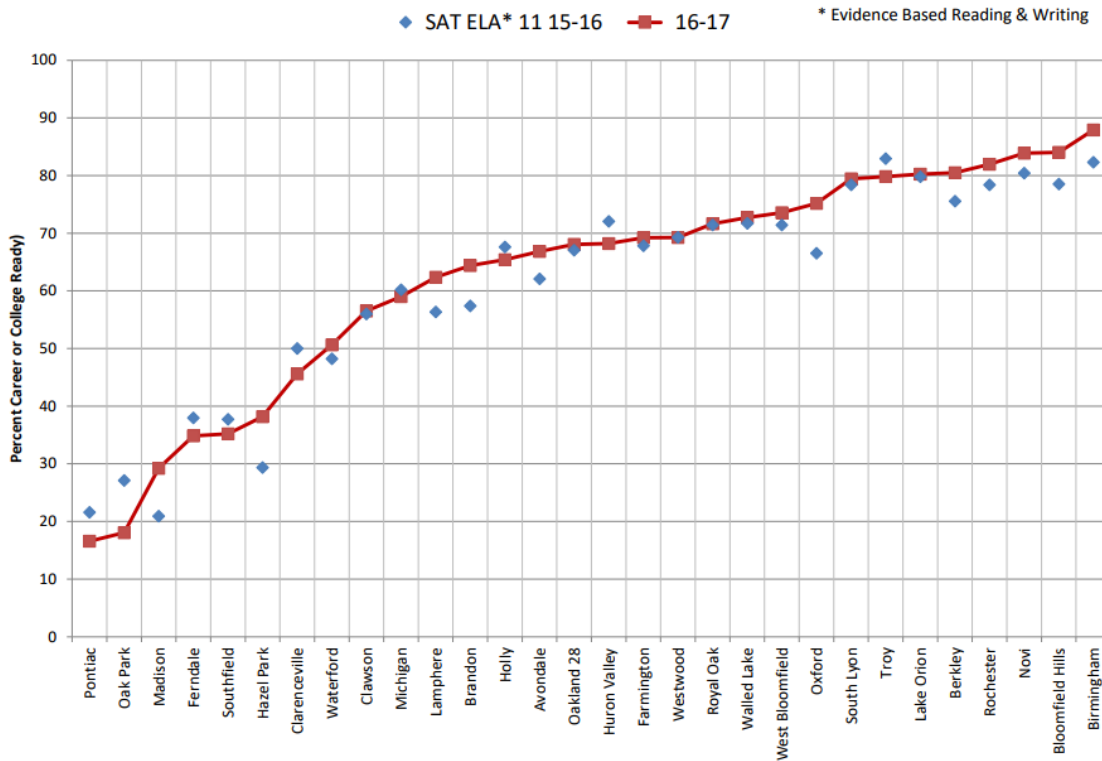
Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



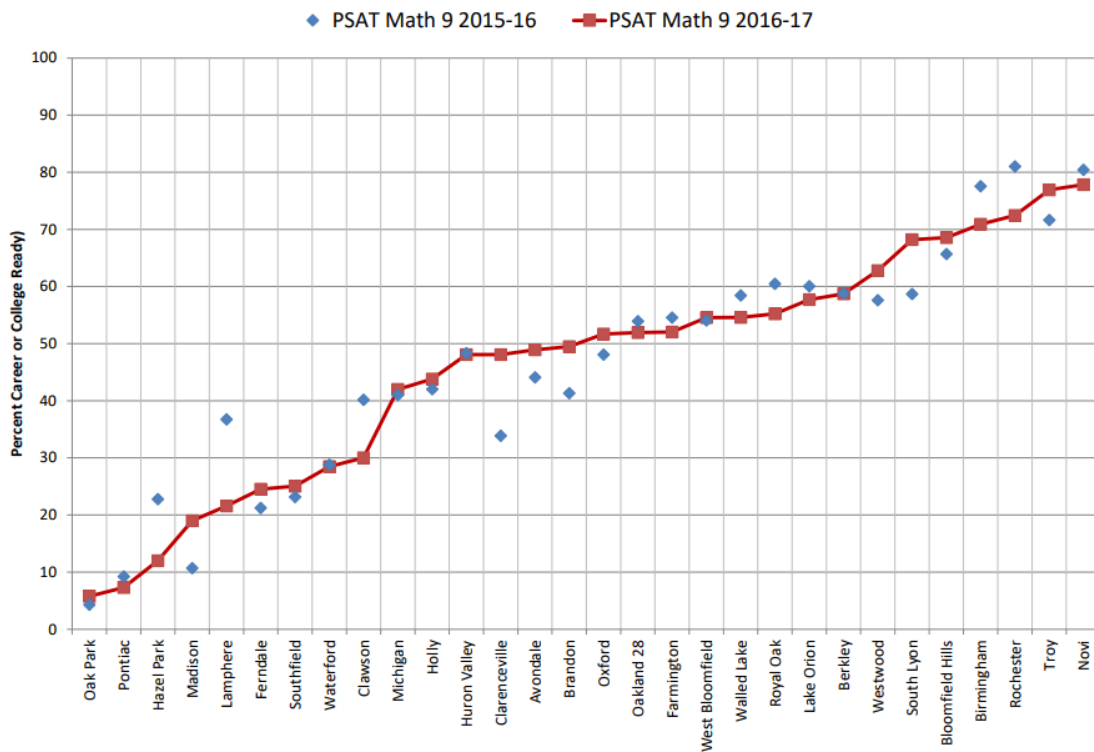
Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



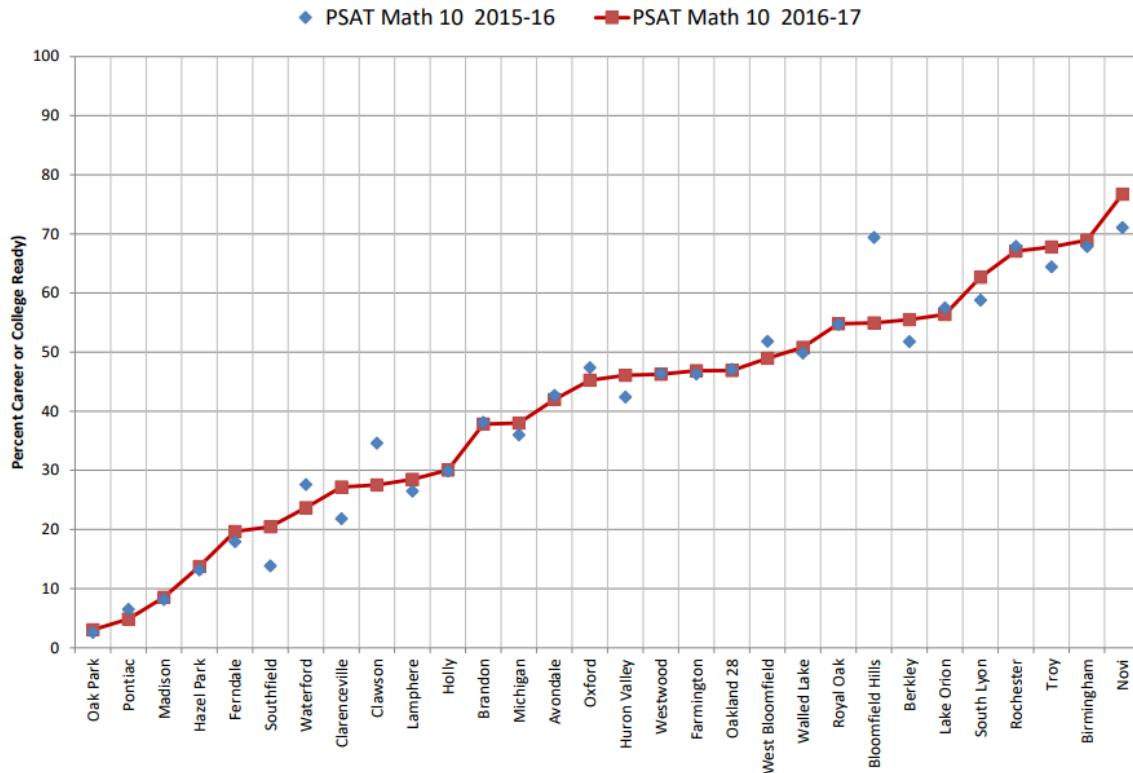
Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



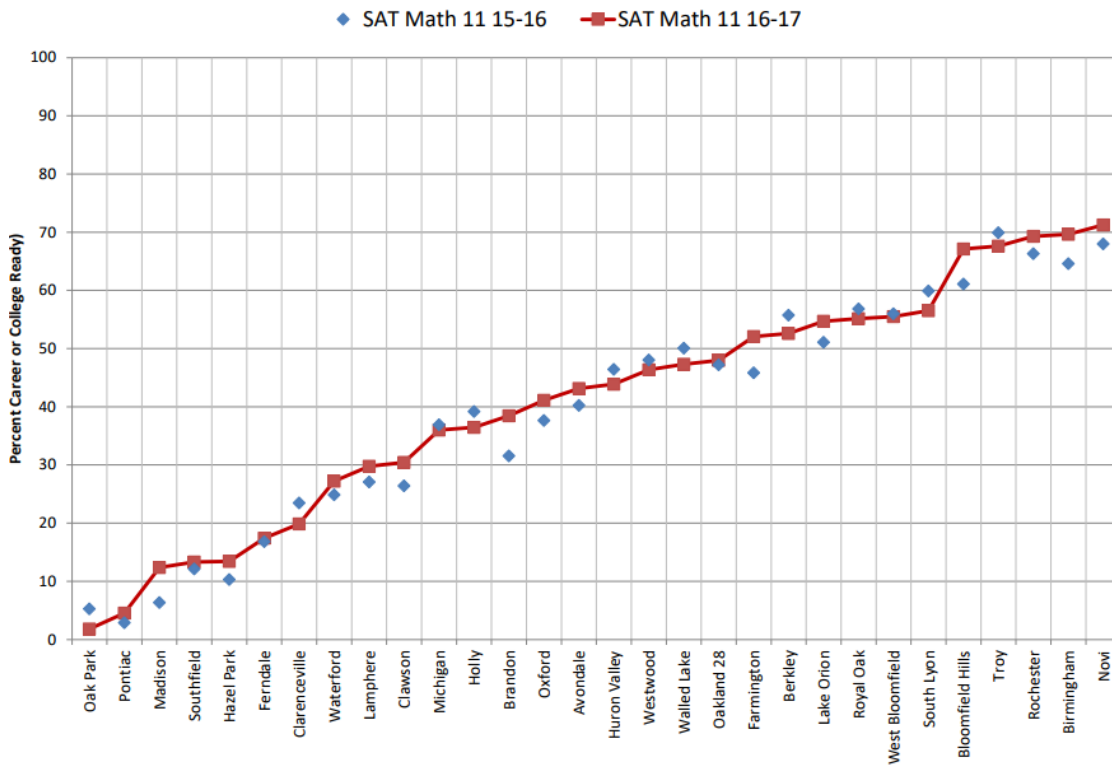
Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



Oakland 28 LEAs Ranked on 2016-17 PSAT/SAT Career or College Ready



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.