

# ROCHESTER COMMUNITY SCHOOLS

Annual Budget  
For the Fiscal Year Ended June 30, 2022



501 W. University Dr.  
Rochester, Michigan 48307  
USA  
[www.rochester.k12.mi.us](http://www.rochester.k12.mi.us)

# Proposed 2021-22 Budget Rochester Community Schools

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# Rochester Community Schools Executive Summary Section



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



## Board of Education



### **Kristin Bull, President**

Kristin earned a Bachelor of Arts degree from Alma College and attended Michigan State University graduate program for Journalism. Kristin serves as an editor for Crain's Detroit Business and teaches in the journalism department at Oakland University. Kristin and her husband have been residents of Rochester Hills for more than nine years.  
Term 2026



### **Kevin Beers, Vice President**

Kevin was selected to serve on the Board of Education in August 2015. Kevin earned a Bachelor of Science degree in Education from Central Michigan University, with a concentration in English and Broadcast Arts. Kevin is an eleven-year resident of the Rochester area and currently has four children enrolled in the Rochester Community Schools district.  
Term 2022



### **Michael Zabat, Treasurer**

Mike earned a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines and a Master of Science degree in Aerospace Engineering from the University of Southern California. Mike currently works as a lead associate for Booz Allen Hamilton. Mike and his wife have been residents of Rochester Hills for nearly 20 years.  
Term 2022



### **Michelle Bueltel, Secretary**

Michelle earned a Bachelor of Arts degree in Statistics and Communications, and a Masters degree in Business Administration from the University of Michigan. Michelle has served for 14 years on various school and district PTA boards as well as chairing the Rochester PTA Council STEAM Career Exploration Fair and Committee. Michelle and her husband have been residents of Rochester Hills for more than 20 years.  
Term 2024



### **Barb Anness, Trustee**

Barb was selected to serve on the Board of Education in July 2017. Barb earned a Bachelor of Science degree in Graphic Design, graduation cum laude from the College of Design, Architecture, Art and Planning at the University of Cincinnati. She is also currently serving as the Federal Legislative Chair for the Michigan PTA and is a member of their Board of Directors. Barb, along with her husband and two children, is a 21 year resident of Rochester Hills.  
Term 2024



### **Andrea Walker-Leidy, Trustee**

Andrea earned a Bachelor of Science degree in English from Rochester College. Andrea serves as Development Director for Meadow Brook Theatre and manages Walker Publicity Consulting, was named Young Professional of the Year by the Rochester Regional Chamber of Commerce in 2010, and was recognized as Oakland County Executive L. Brooks Patterson's Elite 40 Under 40 in 2016. Andrea and her husband have one son.  
Term 2024



**Scott Muska, Trustee** Scott earned a Bachelor of Science degree in Finance from Central Michigan University and is a business owner and investor who has spent most of his career in business development and operations. Additionally, Scott is a professional speaker and a former college and professional basketball assistant coach. Scott and his wife, Barbara, live in Rochester with their 3-year-old daughter.  
Term 2026

Executive Administration

Superintendent  
Robert Shaner, Ph.D.

Deputy Superintendent for Instruction  
Debi Fragomeni

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

Executive Director of Business & Operations  
Matthew McDaniel, CPA

Chief Human Resource Director  
Elizabeth A. Davis

Assistant Superintendent for Secondary Education  
Neil DeLuca

Executive Director of Elementary Education  
Cory Heitsch

Executive Director of Communications  
Lori Grein

Executive Director of Technology and Strategic Initiatives  
Cindy Lindner

**Robert Shaner, Ph.D.**  
Superintendent

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

**Debi Fragomeni**  
Deputy Superintendent for Teaching & Learning

**Elizabeth A. Davis**  
Chief Human Resource Officer

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

June 21, 2021

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

This document contains the fiscal year 2021-22 recommended budgets for adoption and a final revision of the budget for fiscal year 2020-21. The following Executive Summary provides an overview of the Rochester Community Schools (the District) and summarizes financial information included in the document.

#### Budget Overview

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

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

#### Budget Presentation

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

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

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

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

#### District Mission

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

#### District Goals and Objectives

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

##### *Goal Area: Curriculum, Instruction & Assessment*

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

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

### *Goal Area: Global Awareness*

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

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

### *Goal Area: Technology and Infrastructure*

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

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

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

### Budget Process and Timeline

The budget cycle is a continuous process:

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

The calendar below illustrates the budget cycle for 2021-22:

2021-22 BUDGET CALENDAR				
Superintendent & Deputy Supt. for Business Affairs	Superintendent's Cabinet	Superintendent's Business & Operations Advisory Committee	Board of Education	
			Review	Adoption & Amendments
Monday, March 1, 2021	Tuesday, March 9, 2021	Monday, May 10, 2021	Monday, May 17, 2021	Adoption Monday, June 21, 2021
	Tuesday, March 16, 2021		*June TBD	Amendment November 2021
				Regular Meeting
				Amendment February 2022
				Regular Meeting
				Amendment June 2022
				Special Meeting
Adopt 2022-23 Budget at June 2022 Board Meeting				

\* If needed

### Summary of Significant Changes

There were no significant changes from the current year in the budget process or in budget policies used in the development of the 2021-22 budget.

### Allocation of Human and Financial Resources

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

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

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

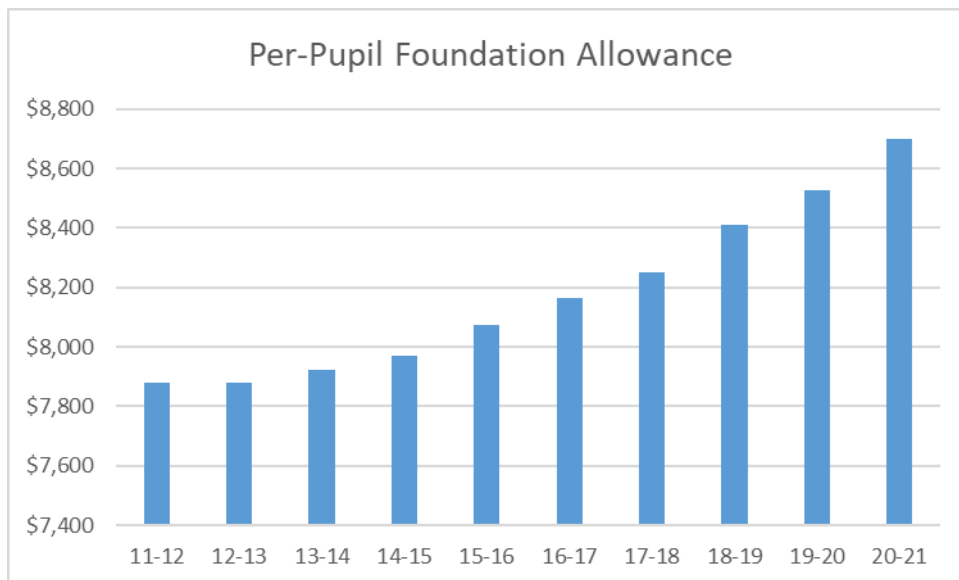
available resources, and the 2020-21 adopted budget reflects the Board's commitment to its mission and objectives.

### Summary of Revenues – All Funds

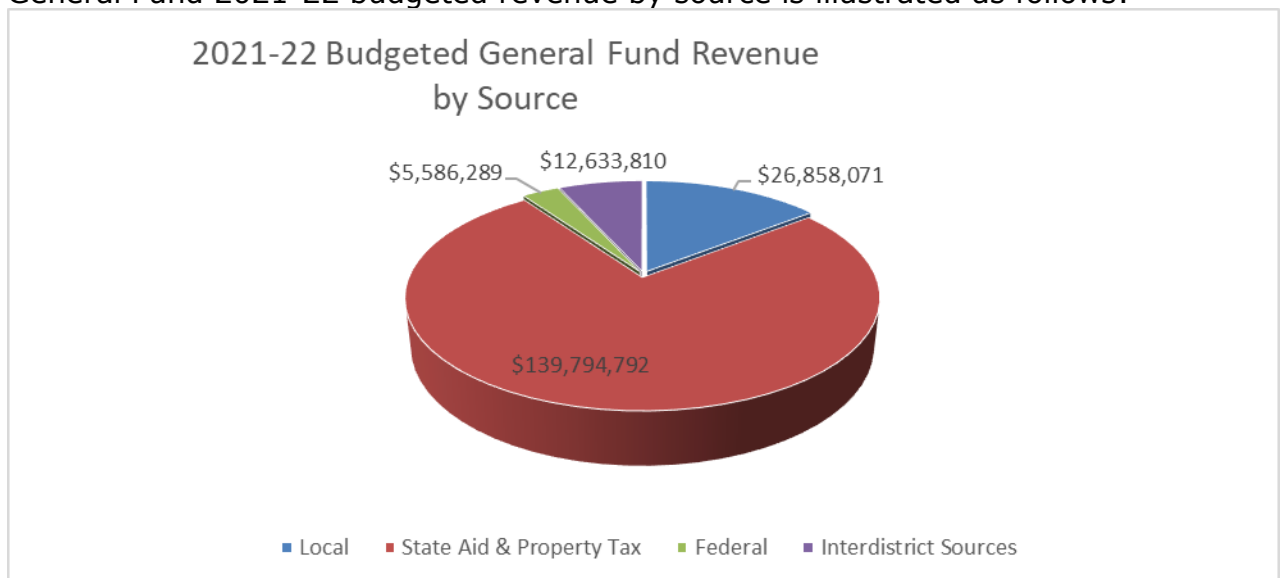
#### *General Fund*

The District's operating costs are predominately funded by State Aid which has increased on a per-pupil basis at a modest rate since 2013. The 2021-22 per-pupil foundation allowance amount is not known at the time of this report. The District's General Fund will be amended in November 2021 to reflect the actual foundation allowance after the allocation amount for each district has been established by the State. The full long-term economic impact of the global pandemic on school funding is unknown.

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



General Fund 2021-22 budgeted revenue by source is illustrated as follows:



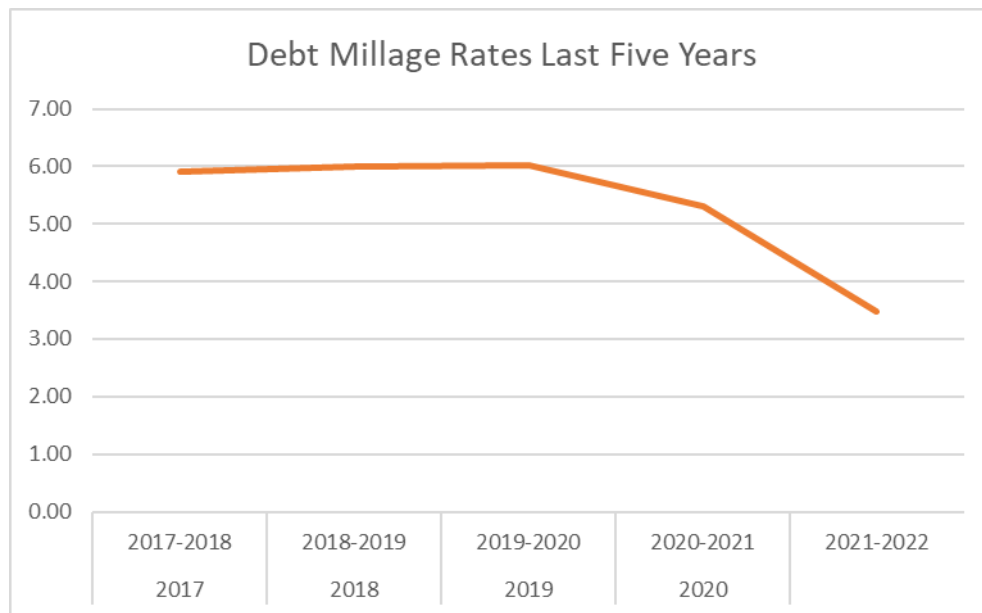


### *Capital Projects Funds*

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

### *Debt retirement Fund*

Revenues in the Debt retirement Fund are generated by a property tax millage levied on all classes of taxable property and are used to retire the District's bonded debt. In February, 2016, the District issued the first series of general obligation Building and Site bonds in the amount of \$128 million. The second series was issued in the spring of 2019 in the amount of \$57 million, for a total of \$185 million. The District currently levies 3.1132 mills to service bonded debt. The following chart illustrates debt millage rates over the last five years:



### *Special revenue Funds*

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

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

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



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

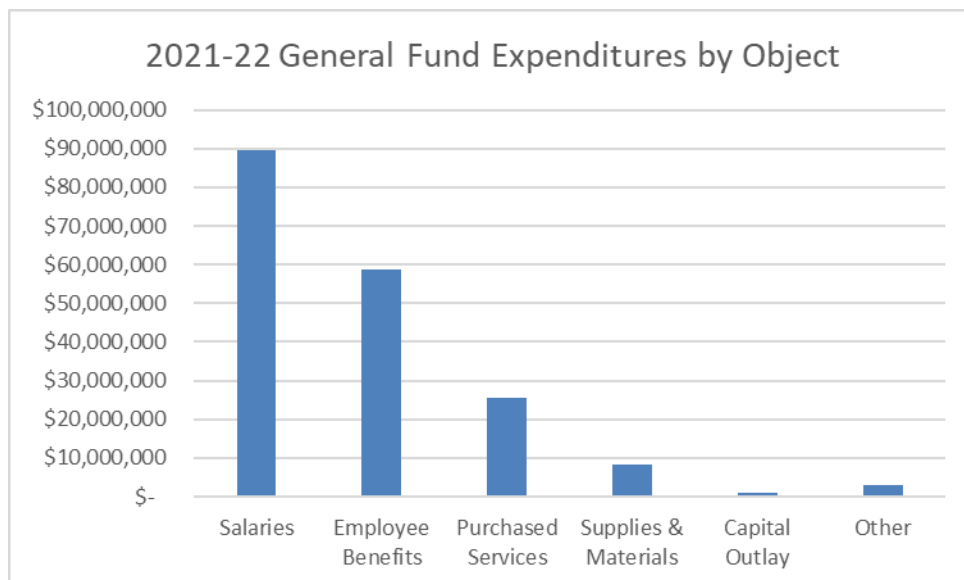
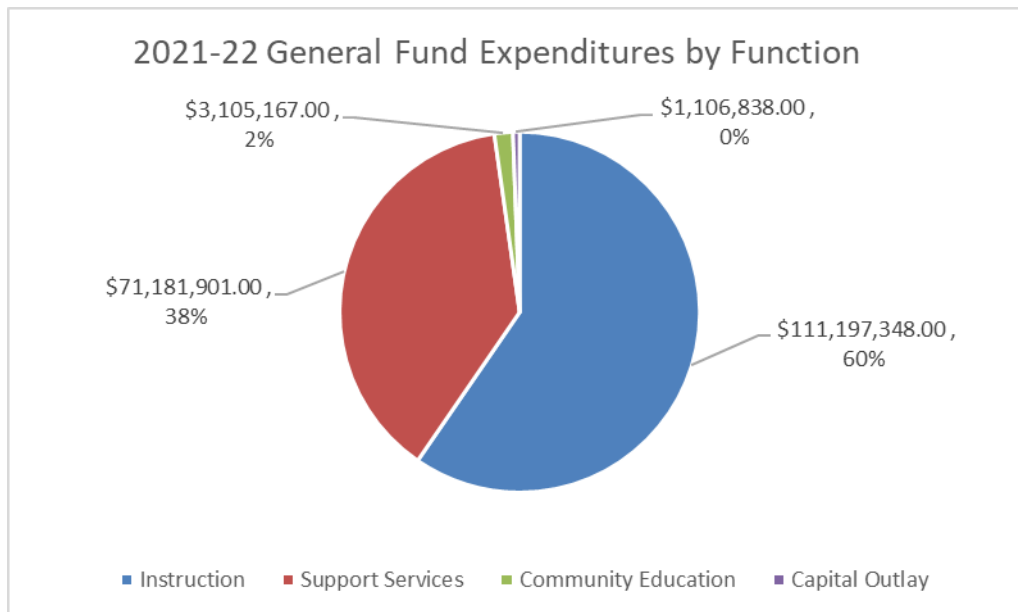
<u>Governmental Funds</u>	Budget 2021-22	Final Budget 2020-21	Actual 2019-20
General Fund			
Property Taxes	\$ 21,685,614	\$ 21,053,994	\$ 19,737,965
Other Local Sources	5,172,457	3,968,298	7,269,819
State	139,794,792	139,148,129	135,197,827
Federal	5,586,289	11,610,831	4,327,588
Interdistrict	12,598,810	14,389,713	11,983,365
Other Financing Sources	35,000	35,000	52,653
Total General Fund	184,872,962	190,205,965	178,569,217
Debt Retirement Fund			
Property Taxes	9,532,934	18,992,500	27,619,164
Interest Income	22,815	20,815	28,135
Total Debt Retirement	9,555,749	19,013,315	27,647,299
Capital Projects Funds			
Property Taxes	8,476,631	8,071,000	-
Interest Income	105,505	148,763	888,978
Other Local Sources	10,000	72,840	56,134
Total Debt Retirement	8,592,136	8,292,603	945,112
School Service Funds			
Local	2,441,656	1,136,783	\$ 2,443,090
Tuition	1,186,847	721,689	681,401
Food Sales	1,037,402	13,318	1,553,683
State	103,000	85,308	121,682
Federal	2,855,125	2,234,705	1,422,216
Total School Service	7,624,030	4,191,803	6,222,072
Total Revenue	<u>\$ 210,644,877</u>	<u>\$ 221,703,686</u>	<u>\$ 213,383,700</u>

### Summary of Expenditures – All Funds

#### *General Fund*

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

The following graphs illustrate 2021-22 General Fund budgeted expenditures by function and object:



### *Debt retirement Fund*

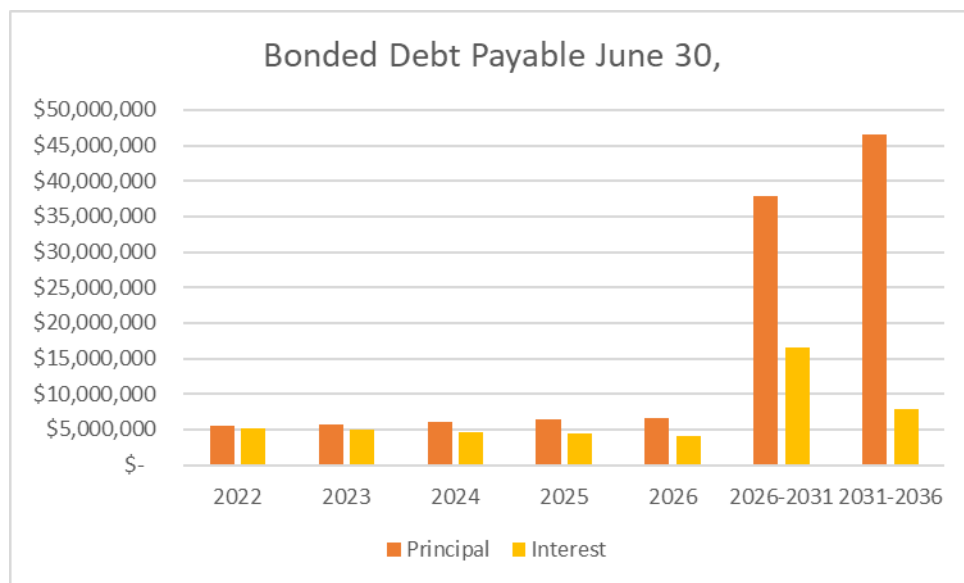
The two outstanding bond issues at June 30, 2021 are as follows:

\$108,725,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,150,000 to \$14,600,000 through May 2036; interest from 4.00% to 5.00%. \$ 73,675,000

\$56,025,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,995,000 to \$3,680,000 through May 2039; interest from 3.00% to 3.125%. 51,965,000

Total Bonds Payable	\$ 125,640,000
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The following table illustrates future principal and interest payments to maturity:

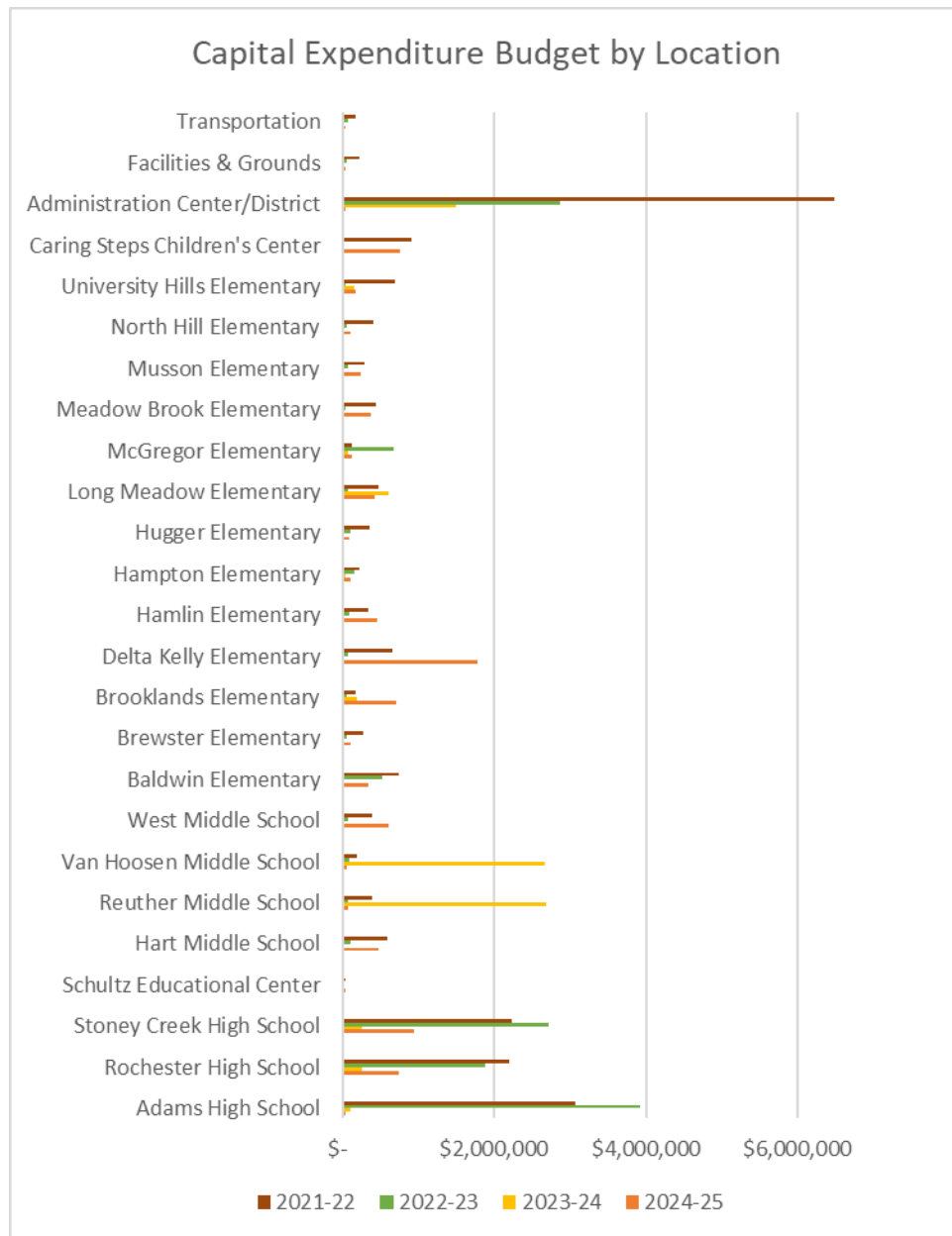


### *Capital Projects Funds*

Expenditures from the 2016 Series I and II Building and Site Fund include facility, site, furniture, and equipment improvements on a district-wide basis. District priorities regarding capital projects include safety and security, facility and site infrastructure, and technology. Capital Projects are expected to continue through 2023.

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

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



### *Special revenue Funds*

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

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

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

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

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

<u>Governmental Funds</u>	2021-22 Budget	20-21 Final Budget	2019-20 Actual	% Change
General Fund				
Salaries	\$ 89,724,834	\$ 90,082,980	\$ 89,126,605	0.01
Benefits	58,869,615	59,310,299	54,334,570	0.08
Purchased Services	25,595,791	25,212,567	20,266,432	0.26
Supplies & Materials	8,365,693	8,871,393	6,181,305	0.35
Capital Outlay	1,111,838	3,452,222	3,442,387	(0.68)
Other	3,045,420	5,073,974	3,023,388	0.01
Total General Fund	186,713,191	192,003,435	176,374,687	0.06
Debt Retirement Fund				
Principal Payments	5,575,000	13,365,000	21,820,000	(0.74)
Interest & Other Fees	5,244,769	5,852,719	6,821,514	(0.23)
Total Debt Fund	10,819,769	19,217,719	28,641,514	(0.62)
Capital Projects Funds				
Capital Projects	22,095,376	27,978,865	32,052,327	(0.31)
Total Capital Projects	22,095,376	27,978,865	32,052,327	(0.31)
Special Services Funds				
Salaries	48,390	47,441	88,901	(0.46)
Purchased Services	3,109,237	2,018,216	2,502,031	0.24
Supplies & Materials	1,782,757	1,083,187	1,340,947	0.33
Capital Outlay	370,000	513,389	584,744	(0.37)
Fringe Benefits	371	371	54,395	(0.99)
Other	2,374,601	2,682,185	2,258,326	0.05
Total School Service	7,685,356	6,344,789	6,829,344	0.13
Total All Funds	<u>\$ 227,313,692</u>	<u>\$ 245,544,808</u>	<u>\$ 243,897,872</u>	(0.07)

#### Summary of Fund Balances – All Funds

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

First, a distinction is made for amounts that are considered non-spendable, such as fund balance associated with inventories. After non-spendable

amounts have been identified, a distinction is made based on the relative strength of the constraint that controls how an amount can be spent.

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

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

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

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

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

Fund balances are illustrated as follows:

#### Governmental Funds

	2021-22 Budget	2020-21 Final Budget	2019-20 Actual
Fund Balances			
General Fund	\$ 34,891,095	\$ 36,731,324	\$ 38,528,794
Debt Service	1,273,685	2,537,705	35,584,166
Capital Projects	7,394,664	20,897,904	2,742,109
Special Revenue	2,424,524	2,363,913	2,886,885
Total	<u>\$ 45,983,968</u>	<u>\$ 62,530,846</u>	<u>\$ 79,741,954</u>

#### Significant Trends

Enrollment and State Aid are two of the most significant trends that impact the district. Overall, statewide enrollment has decreased, however, the most recent projection indicates stable enrollment over the next five years. The full economic impact of the global pandemic on school funding and student enrollment is unknown at this time.



### Financial and Demographic Changes

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

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

### Budget Forecasts

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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
<u>General Fund</u>				
Revenue	\$ 188,580,005	\$ 187,078,231	\$ 185,569,211	\$ 184,872,962
Expenditures	187,475,911	185,606,926	184,993,989	186,713,191
Change in fund balance	1,104,094	1,471,305	575,222	(1,840,229)
Fund balance - July 1	36,937,622	35,466,317	34,891,095	36,731,324
Fund balance - June 30	\$ 38,041,716	\$ 36,937,622	\$ 35,466,317	\$ 34,891,095
<u>Debt Retirement Fund</u>				
Revenue	\$ 10,784,041	\$ 10,766,775	\$ 10,737,246	\$ 9,555,749
Expenditures	10,855,768	10,838,519	10,809,019	10,819,769
Change in fund balance	(71,727)	(71,744)	(71,773)	(1,264,020)
Fund balance - July 1	1,130,168	1,201,912	1,273,685	2,537,705
Fund balance - June 30	\$ 1,058,441	\$ 1,130,168	\$ 1,201,912	\$ 1,273,685
<u>Capital Projects Fund</u>				
Revenue	\$ 9,040,446	\$ 8,863,182	\$ 8,715,863	\$ 8,592,136
Expenditures	8,936,099	8,760,881	13,909,083	22,095,376
Change in fund balance	104,347	102,301	(5,193,220)	(13,503,240)
Fund balance - July 1	2,303,745	2,201,444	7,394,664	20,897,904
Fund balance - June 30	\$ 2,408,092	\$ 2,303,745	\$ 2,201,444	\$ 7,394,664
<u>School Service Funds</u>				
Revenue	\$ 8,382,464	\$ 8,151,518	\$ 7,883,057	\$ 7,745,967
Expenditures	8,107,937	7,911,734	7,757,975	7,685,356
Change in fund balance	274,527	239,784	125,082	60,611
Fund balance - July 1	2,789,390	2,549,606	2,424,524	2,363,913
Fund balance - June 30	\$ 3,063,917	\$ 2,789,390	\$ 2,549,606	\$ 2,424,524

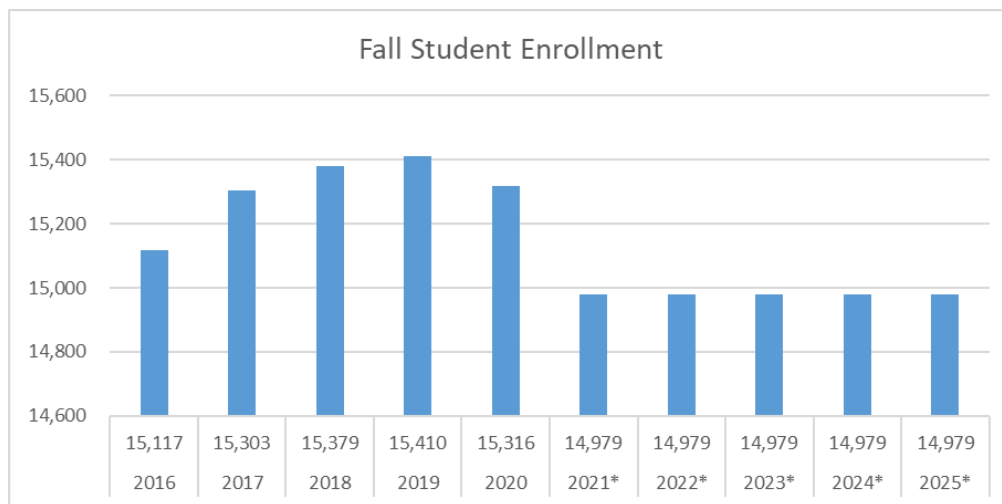
### Student Enrollment

Enrollment in the district declined by 94 full-time-equivalent (FTE) students for the 2020-21 school year as calculated by a one-year modified formula ("superblend") for state aid purposes. The "superblend" calculation is 75%

weight on the fiscal year 2019-20 blend plus 25% weight on what a “normal 90/10” blend would have been for 2020-21.

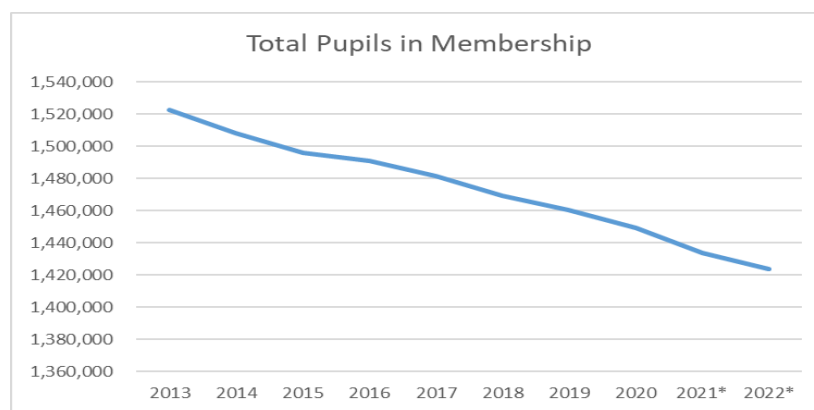
The FTE calculation for the 2021-22 school year is based on the pre-pandemic 90% of the fall and 10% of the Spring 2021 student counts. The district expects enrollment to decline by an additional 293 FTE for the 2021-22 school year. Third-party projections indicate flat enrollment through 2024-25. Rochester Community Schools is a Michigan public school district geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

Actual and projected fall student enrollment is illustrated as follows:



\*Projected

State-wide student enrollment decreased between 2003-04 and 2020-21 by approximately 264,902 students. The State Fiscal Agency projects a state-wide decline of approximately 149,000 each year through 2022-23 and 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.

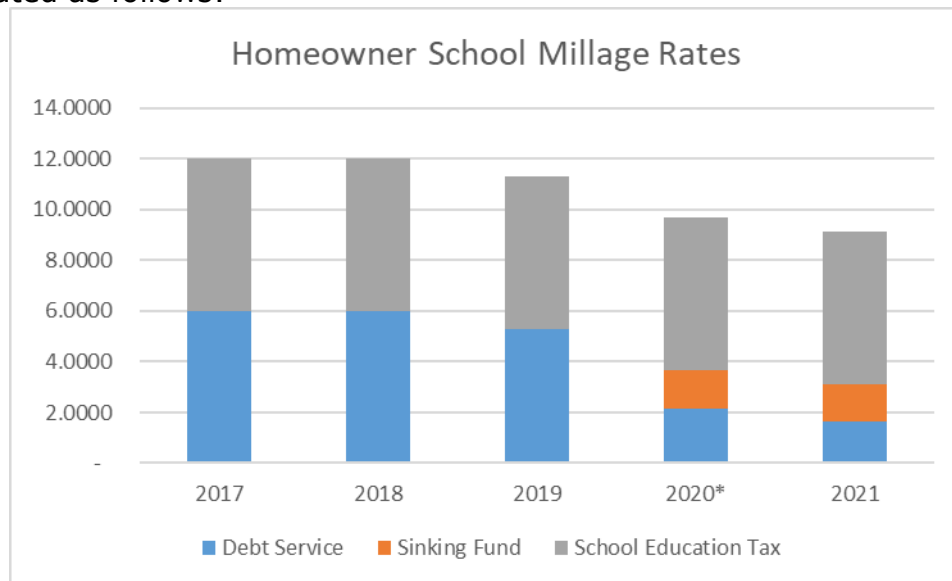
Districts are authorized by the State to levy up to 18 mills on non-homestead property located within their boundaries, which includes apartment buildings, rental homes, vacation property, vacant land, and commercial and industrial property; however, the Headlee amendment of 1978 included a provision 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 millage renewal was approved by the voters of the community in May of 2014. The current authorized millage is 18.5431 mills, which provides a cushion in the event that the Headlee Amendment is triggered by economic conditions. The operating millage authorization expires with the summer 2024 levy.

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

School Year	Local Tax Base		Operating (Non-Homestead Property)	Debt Service	Sinking Fund	Total Millage
	Assessed Value (All Property)	Assessed Value (Non-Homestead Property)				
2017	4,661,651,920	976,003,850	18.0000	6.0000	-	24.0000
2018	4,964,786,455	1,009,833,377	18.0000	6.0100	-	24.0100
2019	5,254,544,858	1,077,167,274	18.0000	5.3000	-	23.3000
2020	5,510,847,109	1,131,976,851	18.0000	2.1674	1.5000	21.6674
2021	5,753,618,092	1,162,865,510	18.0000	1.6400	1.4732	21.1132

The current homeowner millage rate totals 9.1132 mills which includes a state education tax of 6 mills, a debt levy of 1.64 mills, and a sinking fund levy of 1.4732 mills. District millage rates for the last five years can be illustrated as follows:



### Personnel Resources

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

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

Full-Time Equivalent (FTE)

Position	Actual*			
	2017-18	2018-19	2019-20	2020-21
Teachers	901	906	906	906
Administrators	32	34	34	34
Secretaries	90	86	86	86
Maintenance/Grounds/Technicians	42	39	39	39
Paraprofessionals	274	277	277	277
Executive Staff/Directors	10	10	10	10
Total FTE	1,349	1,352	1,352	1,352

Position	Projected**			
	2021-22	2022-23	2023-24	2024-25
Teachers	906	896	896	896
Administrators	34	34	34	34
Secretaries	86	86	86	86
Maintenance/Grounds/Technicians	39	39	39	39
Paraprofessionals	277	267	267	267
Executive Staff/Directors	10	10	10	10
Total FTE	1,352	1,332	1,332	1,352

\*Source: district records

\*\*Based on student enrollment projection

### Long-Term Debt

The district levies property taxes on all classes of property (not subject to rollback) for the specific purpose of retiring debt. The collection of these taxes and the resultant repayment of debt decrease the district's long-term principal obligations and, as a result, the net assets of the district increase. The district currently levies 1.6400 mills for debt retirement.

The following is a summary of bonded debt transactions for the year ended June 30, 2021:

Balance July, 1, 2020	\$ 139,005,000
Retirements and Payments	<u>13,365,000</u>
Balance June 30, 2021	<u>\$ 125,640,000</u>

### Performance Measures

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

Current progress in the area of Curriculum, Instruction, and Assessment includes the research and analysis of international baccalaureate programs,

professional development of instructional staff in the Cultures of Learning program, and the implementation of summative and formative student assessments to inform instruction.

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

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

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

### Conclusion

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

Respectfully Submitted,

*Robert Shaner*

Robert Shaner, Ph.D.  
Superintendent

*Dana J. Taylor*

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

Meritorious Budget Award



This Meritorious Budget Award is presented to

**ROCHESTER COMMUNITY SCHOOLS**

for excellence in the preparation and issuance of its budget  
for the Fiscal Year 2020–2021.

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



A handwritten signature in black ink, reading 'W. Edward Chabal', positioned above a horizontal line.

**W. Edward Chabal**  
**President**

A handwritten signature in black ink, reading 'David J. Lewis', positioned above a horizontal line.

**David J. Lewis**  
**Executive Director**

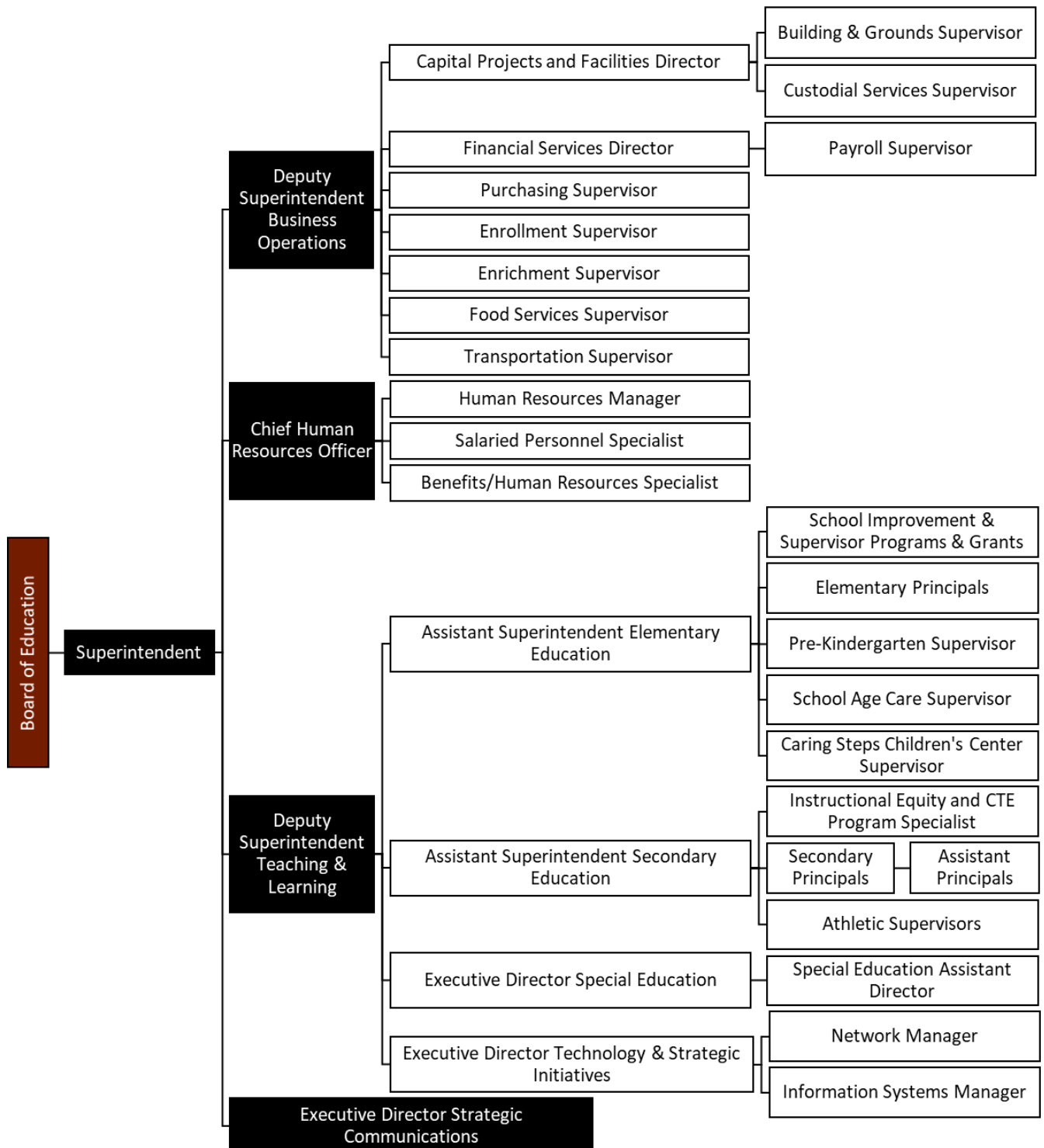
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# Rochester Community Schools Organizational Section



## 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, 2021 are as follows:

Name	Position	Term Expires December 31
Kristin Bull	President	2026
Kevin Beers	Vice President	2022
Michael Zabat	Tresurer	2022
Michelle Bueltel	Secretary	2024
Barb Anness	Trustee	2024
Andrea Walker-Leidy	Trustee	2024
Scott Muska	Trustee	2026

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

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

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

### History, Location and Demographics

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

The District is the eighth largest public school in the State of Michigan and includes all or part of seven Michigan South Eastern municipalities: Rochester, Rochester Hills, Oakland Township, Auburn Hills, Lake Orion, Washington Township and Shelby Township. This large suburban district operates four high schools, four middle schools, thirteen elementary schools, an early childhood education center, and an adult education center.

### Student Enrollment by Building

Fall 2020 general education student enrollment totaled 14,574 Full-Time Equivalent (FTE) students. Student enrollment by building is as follows:

Building	Grade Level	2020-2021
Adams High School	9-12	1,556
Rochester High School	9-12	1,702
Stoney Creek High Sch	9-12	1,599
Hart Middle School	6-8	1,064
Reuther Middle School	6-8	639
Van Hoosen Middle Sch	6-8	866
West Middle School	6-8	805
Baldwin Elementary	K-5	555
Brewster Elementary	K-5	383
Brooklands Elementary	K-5	509
Delta Kelly Elementary	K-5	620
Hamlin Elementary	K-5	454
Hampton Elementary	K-5	518
Hugger Elementary	K-5	501
Long Meadow Element	K-5	557
McGregor Elementary	K-5	448
Meadow Brook Elemer	K-5	403
Musson Elementary	K-5	487
North Hill Elementary	K-5	459
University Hills Element	K-5	449
Total		<u>14,574</u>

Source: district records



Fall 2020 total student enrollment by grade and category is as follows:

	<u>2020</u>
Elementary Schools:	
Kindergarten	1,010
1st Grade	1,039
2nd Grade	1,032
3rd Grade	1,068
4th Grade	1,136
5th Grade	<u>1,068</u>
Total	6,353
Middle Schools:	
6th Grade	1,103
7th Grade	1,109
8th Grade	<u>1,165</u>
Total	3,377
High Schools:	
9th Grade	1,206
10th Grade	1,213
11th Grade	1,217
12th Grade	<u>1,208</u>
Total	4,844
Alternative Education	7
Special Education	411
Grand Total	<u><u>14,992</u></u>

Prior to the onset of the COVID-19 global health pandemic, district enrollment had remained steady with growth of approximately 266 student FTE since the fall of 2013. The District's most recent enrollment projection assumes stable enrollment through the fall of 2025.

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

#### Mission and Vision of the District

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

The vision statements adopted June of 2010 are as follows:

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

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

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

#### Strategic Plan Goals and Objectives

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

##### *Global Awareness*

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

##### *Curriculum/Instruction/Assessment*

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

### *Infrastructure & Technology*

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

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

### Estimated Costs of Goals and Objectives

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

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

*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 the bonds in two series: Series one for \$128 million, and Series two for \$57,000,000. These issues were to fund the construction of security vestibules at all buildings, the construction of building additions and renovations, site work, and technology infrastructure, buses, and furniture and equipment. The District expects all projects to be substantially complete by June 30, 2022.

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

### Budgetary Goals

The District completes its budget with a detailed and exhaustive review of each revenue and expenditure account within the framework of the District's mission, goals and financial policies. Budget information for each fund is included in this document.

### Michigan School Improvement Framework

On March 11, 2014, the Michigan State Board of Education approved both the School Improvement Framework 2.0 and the District Improvement

Framework 2.0. The revised frameworks are designed to ensure schools and school districts operate in a continuous improvement environment.

#### *School District Improvement Plan*

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

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

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

#### *School Building Improvement Plan*

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

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

#### Fund Types

##### Governmental Funds

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



- Capital Projects Fund –The Capital Projects Fund is used to account for the resources for the acquisition or construction of capital facilities or equipment held by the school district.

#### Budget Basis and Regulations

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

#### Budget Policy

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

#### Financial Accounting Standards

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

#### Fund Balance Policy

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

Fiscal Year	Percentage of Unassigned Fund Balance to Expenditures General Fund				
	Estimated		Actual		
	2021-22	2020-21	2019-20	2018-19	2017-18
Revenues	\$ 184,837,962	\$ 190,170,965	\$ 178,516,564	\$ 178,219,237	\$ 173,320,963
Expenditures	186,591,254	189,705,056	175,976,982	172,865,172	170,976,720
Other Financing Sources (Uses)	(86,937)	(2,263,379)	(345,052)	(269,894)	3,437
Excess Revenues	(1,840,229)	(1,797,470)	2,194,530	5,084,171	2,347,680
Beginning Fund Balance	36,731,324	38,528,794	36,334,264	31,250,093	28,902,413
Ending Fund Balance	\$ 34,891,095	\$ 36,731,324	\$ 38,528,794	\$ 36,334,264	\$ 31,250,093
% Unassigned	18.70%	19.36%	21.89%	21.02%	18.28%

### Budget Process

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

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

### Encumbrance and Expenditure Control

The District utilizes an electronic purchase order system for all purchases in excess of \$500. When a purchase order is placed, funds are encumbered (or formally recognized as committed for expenditures) in the finance system. Purchase order encumbrances are released when an item is received and the invoice is paid. Purchasing cards are used for high volume, low dollar amount purchases.

### Budget Calendar

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

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

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

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

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

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

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

#### Budget Recognition

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

The attainment of the MBA represents a significant accomplishment by a school district and is the highest form of recognition in budgeting. The award is made only after comprehensive review by a panel of independent budget professionals. The reviewers not only evaluate the effectiveness of the budget, but also provide commentary and feedback to the submitting district as a basis for improvement in the presentation of the budget as a financial and operating plan. The District received the MBA for its 2020-21 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*

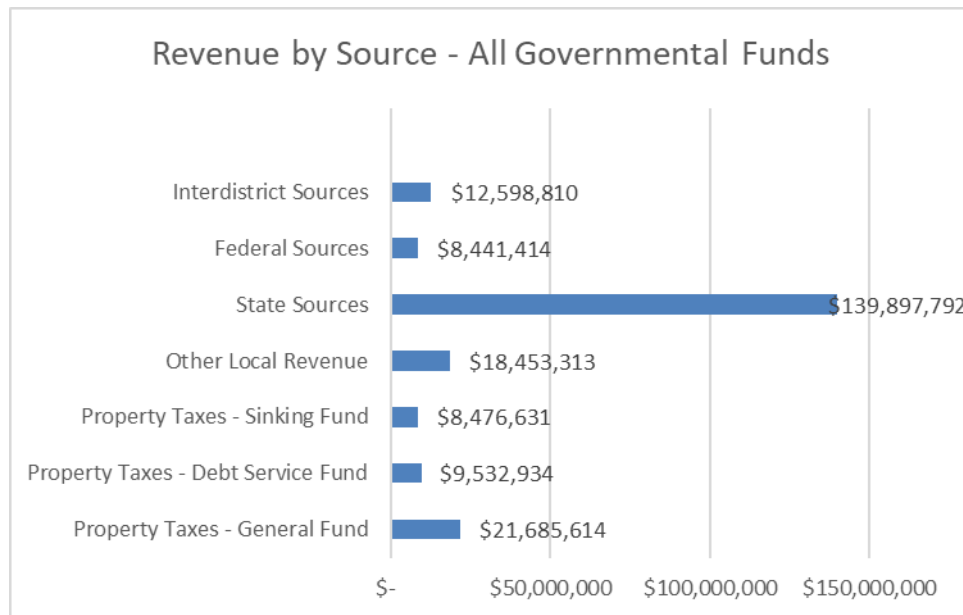
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$31 million in 2020-21, or approximately 22% 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 \$21.05 and \$19.74 million in 2020-21 and 2019-20 respectively.

*Federal Revenue* – The federal government provides restricted funding (passed through the Michigan Department of Education and the Oakland School District) for specific programs. The primary areas of support are Special Education, School Lunch and Title grants.

The following graph illustrates the District's 2021-22 budgeted revenue by source for all funds:



#### Functional Classifications of Expenditures

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

The expenditure functions and corresponding definitions are as follows:

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

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

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

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

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

Key Expenditures:

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

<u>Class</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Teachers	Rochester Education Association, MEA/NEA	6/30/2021
Maintenance, Grounds, Technicians	AFSCME, Local 202, Council 25	6/30/2022
Administrators	Rochester Administrators Association	6/30/2022
Managers, Supervisors & Coordinators	No Affiliation	NA
Executive Assistants	No affiliation	N/A
Clerical	Rochester Support Personnel Assoc., MEA/NEA	6/30/2023
Instructional Aides	Rochester Paraeducator Association, MEA/NEA	6/30/2021
Pre-K Programs	No Affiliation	N/A
Other	No Affiliation	N/A

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

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

The costliest benefits provided to employees by the District include health insurance and retirement system contributions. The District is self-insured for all health, dental and vision benefits. All health plans are provided by Blue Cross Blue Shield of Michigan (BCBSM). The District contributes 80% toward employee health insurance premiums. The remaining 20% of the health insurance premium is withheld from employee pay on a pre-tax basis. Benefit payments and administrative charges are made directly to, and all claims are approved and processed through, BCBSM. The District contribution to health insurance premiums totaled approximately \$16.7 million for the year ended June 30, 2021.

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. Pension reform in 2010 created the Pension Plus plan for anyone who became a member of MPERS after June 30, 2010. The Pension Plus plan is a hybrid plan that contains a pension component with an employee contribution and a flexible and transferable defined contribution tax-deferred investment account. Pension

reform in 2012 granted all active members who first became a member before July 1, 2010 a voluntary election regarding their pension. Under the 2012 reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Pension reform in 2017 created the Pension Plus 2 Plan for anyone who became a member after February 1, 2018. This plan splits the contributions 50/50 between employee and employer and can be closed to new employees if the actuarial funded ration falls below 85% for two consecutive years without additional funds being appropriated.

The District's estimated contribution to MPSERS under all pension plans for the year ended June 30, 2021 totaled \$37.7 million.

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

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

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

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

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



Expenditures (in millions)				
	June 30, 2021 (Estimated)	% of Total	June 30, 2020 (Actual)	% of Total
General Fund	\$ 189,705,056	81%	\$ 175,976,982	72%
Debt Retirement Fund	19,217,719	8%	28,641,514	12%
Capital Projects Fund	18,865,167	8%	32,052,327	13%
School Service Funds	4,997,352	2%	6,829,344	2%
Total	\$ 232,785,294	99%	\$ 243,500,167	99%

Fund Balances (in millions)				
	June 30, 2021 (Estimated)	% of Total	June 30, 2020 (Actual)	% of Total
General Fund	\$ 36,731,324	59%	\$ 38,528,794	48%
Debt Retirement Fund	2,537,705	4%	2,742,109	3%
Capital Projects Fund	20,897,904	33%	35,584,166	45%
School Service Funds	2,363,913	4%	2,886,885	4%
Total	\$ 62,530,846	100%	\$ 79,741,954	100%

### Capital Projects

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

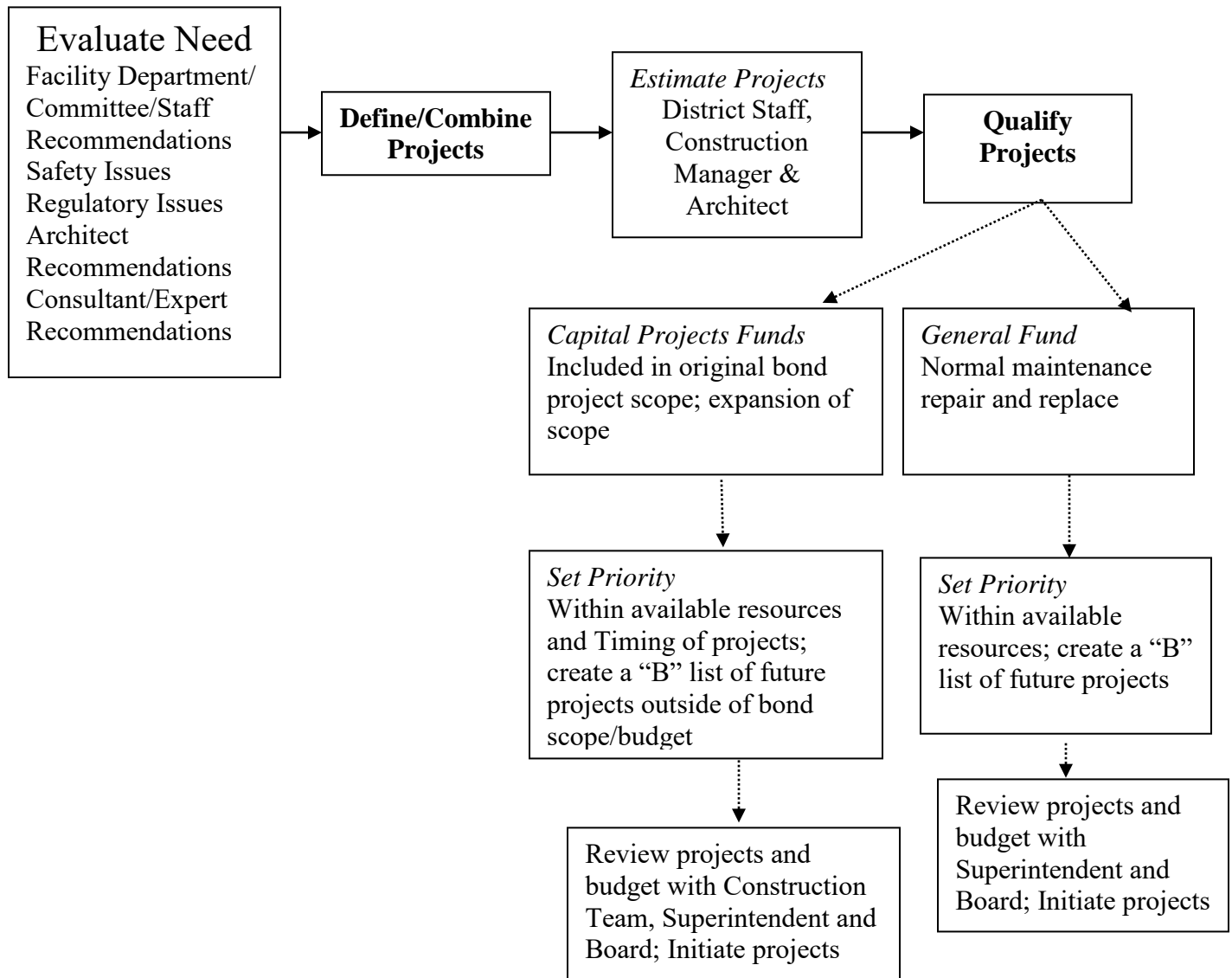
The following table illustrates the planned Capital Projects Fund expenditures by category for 2021-22:

<u>Project</u>	<u>Budget</u>
Buildings & Additions	\$ 1,331,997
Furniture & Equipment	8,219,689
Site Improvements	9,765,295
Other	2,154,795
	<u>\$ 21,471,776</u>



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

### Budget Development Flowchart



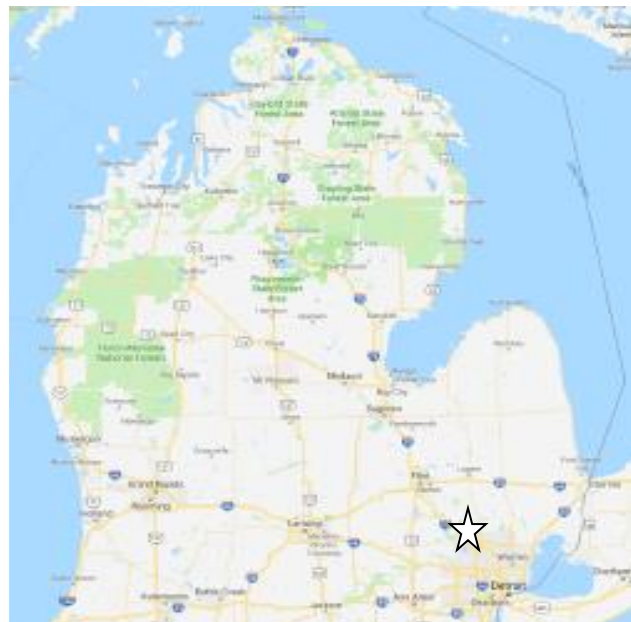
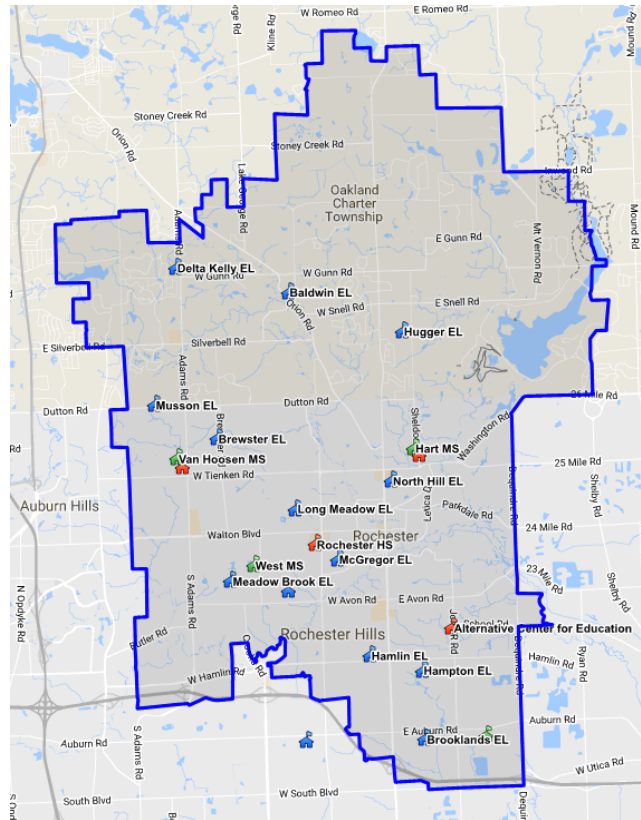
#### Other Sustaining Local Revenue Sources

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

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

Cell Tower Lease Schedule					
Location:	Adams Rooftop		Adams Light Pole		
Date:	2008		2012		
Fiscal Year	Year	Amount	Year	Amount	Totals
Initial Payment		\$50,000		\$50,000	\$100,000
FY2009	1	26,400		-	26,400
FY2010	2	27,060		-	27,060
FY2011	3	27,737		-	27,737
FY2012	4	28,430		-	28,430
FY2013	5	29,141	1	21,600	50,742
FY2014	1-1	29,869	2	22,140	52,011
FY2015	1-2	30,616	3	22,694	53,312
FY2016	1-3	31,381	4	23,261	54,646
FY2017	1-4	32,166	5	23,842	56,013
FY2018	1-5	32,970	1-1	24,438	57,408
FY2019	2-1	33,794	1-2	25,049	58,844
FY2020	2-2	34,639	1-3	25,676	60,315
FY2021	2-3	35,505	1-4	26,318	61,823
FY2022	2-4	36,393	1-5	26,975	63,368
FY2023	2-5	37,303	2-1	27,650	64,952
FY2024	3-1	38,235	2-2	28,341	66,576
FY2025	3-2	39,191	2-3	29,050	68,241
FY2026	3-3	40,171	2-4	29,776	69,947
FY2027	3-4	41,175	2-5	30,520	71,695
FY2028	3-5	42,204	3-1	31,283	73,488
FY2029	4-1	43,259	3-2	32,065	75,325
FY2030	4-2	44,341	3-3	32,867	77,208
FY2031	4-3	45,449	3-4	33,689	79,138
FY2032	4-4	46,586	3-5	34,531	81,117
FY2033	4-5	47,750	4-1	35,394	83,144
FY2034		-	4-2	36,279	36,279
FY2035		-	4-3	37,186	37,186
FY2036		-	4-4	38,116	38,116
FY2037		-	4-5	39,068	39,068
Totals		<u>\$951,765</u>		<u>787,808</u>	<u>\$1,739,588</u>

## Rochester Community Schools District Map



# Rochester Community Schools Financial Section



## 2020-21 Summary Budget – All Governmental Fund Types

### ROCHESTER COMMUNITY SCHOOLS SUMMARY BUDGET - ALL GOVERNMENTAL FUND TYPES REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2021-22

	General Fund	Debt Service Fund	Capital Projects Funds	Special Revenue Funds	Total
<b>Revenues:</b>					
Local	\$ 26,858,071	\$ 9,555,749	\$ 8,592,136	\$ 4,665,905	\$ 49,671,861
Interdistrict Sources	12,598,810	-	-	-	12,598,810
State	139,794,792	-	-	103,000	139,897,792
Federal	5,586,289	-	-	2,855,125	8,441,414
Total Revenues	184,837,962	9,555,749	8,592,136	7,624,030	210,609,877
<b>Expenditures:</b>					
Instruction					
Basic Programs	88,142,619	-	-	-	88,142,619
Added Needs	22,750,173	-	-	-	22,750,173
Adult and Continuing Ed	304,556	-	-	-	304,556
Support Services					
Pupil	16,487,358	-	-	-	16,487,358
Instructional Staff	8,482,879	-	-	-	8,482,879
General Administration	1,863,738	-	-	-	1,863,738
School Administration	9,044,663	-	-	-	9,044,663
Business Services	2,235,400	-	-	-	2,235,400
Operations & Maintenance	15,343,348	-	-	-	15,343,348
Transportation	7,740,362	-	-	-	7,740,362
Central Services	7,016,170	-	-	-	7,016,170
Community Education	2,967,983	-	-	-	2,967,983
Other Supporting Services	3,105,167	-	-	7,496,600	10,601,767
Capital Projects					
Capital Outlay & Other Costs	1,106,838	-	21,471,776	188,756	22,767,370
Debt Service					
Principal	-	5,575,000	-	-	5,575,000
Capital Leases	-	-	-	-	-
Interest and Fiscal Charges	-	5,162,269	-	-	5,162,269
Other Costs	-	82,500	-	-	82,500
Total Expenditures	186,591,254	10,819,769	21,471,776	7,685,356	226,568,155
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,753,292)	(1,264,020)	(12,879,640)	(61,326)	(15,958,278)
Other Financing Sources (Uses)					
Transfers, notes, sale of assets	35,000	-	-	121,937	156,937
Installment Loan Principal	-	-	(586,400)	-	(586,400)
Installment Loan Interest	-	-	(37,200)	-	(37,200)
Interfund Transfers	(121,937)	-	-	-	(121,937)
Total Other Financing Sources (Uses)	(86,937)	-	(623,600)	121,937	(588,600)
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1,840,229)	(1,264,020)	(13,503,240)	60,611	(16,546,878)
<b>Fund Equity:</b>					
July 1,	36,731,324	2,537,705	20,897,904	2,363,913	62,530,846
June 30,	\$ 34,891,095	\$ 1,273,685	\$ 7,394,664	\$ 2,424,524	\$ 45,983,968

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

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

	Totals (Memorandum Only)			
	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
<b>Revenues:</b>				
Local	\$ 54,200,000	\$ 60,278,369	\$ 64,959,536	\$ 61,731,040
County	14,389,713	11,983,365	11,352,305	11,677,700
State	139,233,437	135,319,509	134,872,394	131,221,883
Federal	13,845,536	5,749,804	5,222,437	5,133,487
Total Revenues	221,668,686	213,331,047	216,406,672	209,764,110
<b>Expenditures:</b>				
Instruction:				
Basic Programs	87,636,286	82,483,972	80,891,725	80,062,156
Added Needs	22,679,085	21,909,701	21,034,166	19,872,549
Adult and Continuing Ed	304,556	181,622	234,131	140,107
Support Services:				
Pupil	16,487,358	15,703,602	15,038,292	14,693,611
Instructional Staff	9,905,887	7,902,845	7,844,875	7,249,562
General Administration	1,873,938	1,731,358	1,238,183	1,113,365
School Admin	9,044,663	9,145,567	8,916,404	8,510,330
Business Services	2,275,284	2,059,048	1,899,724	1,906,300
Operations & Maintenance	16,368,821	13,503,355	13,804,892	13,841,590
Transportation	7,356,386	6,120,680	7,533,576	7,297,545
Central Services	7,223,841	5,830,382	5,823,147	7,494,098
Other Supporting Services	2,967,983	2,849,242	2,811,551	2,608,312
Community Education	2,124,746	3,109,169	3,293,555	2,895,409
Building Improvement	258,621	4,000	1,449,870	2,907,937
Food Service	2,641,818	3,401,610	3,498,453	3,116,543
Book Store	59,795	103,766	99,229	77,048
Early Learning Center	1,001,354	1,074,284	738,144	-
Student/School Activity	1,294,385	2,249,684	3,876,297	3,718,575
Capital Projects				
Capital Outlay	31,192,269	35,494,923	40,103,265	44,595,517
Debt Service				
Principal	13,365,000	21,820,000	21,970,000	21,160,000
Capital Leases	-	-	-	36,504
Interest and Fiscal Charges	5,789,219	6,781,374	6,132,733	7,101,952
Other	63,500	40,140	14,865	72,739
Total Expenditures	241,914,795	243,500,324	248,247,077	250,471,749
Excess (deficiency) of Revenues Over (Under) Expenditures	(20,246,109)	(30,169,277)	(31,840,405)	(40,707,639)
Other Financing Sources and (Uses)				
Issuance of Long-term Debt	3,000,000	-	56,025,000	-
Bond Issuance Costs	-	-	(592,481)	-
Bond Premium	-	-	1,401,098	-
Interfund Transfers In	2,282,577	397,705	2,912	2,912
Interfund Transfers Out	(2,282,577)	(397,705)	(2,912)	(2,912)
Sale of Capital Assets & Other	35,000	52,848	41,543	6,349
Total Other Financing Uses	3,035,000	52,848	56,875,160	6,349
Net Change in Fund Balance	(17,211,109)	(30,116,429)	25,034,755	(40,701,290)
Fund Balances:				
July 1,	79,741,954	109,858,383	84,823,628	125,524,918
June 30,	\$ 62,530,845	\$ 79,741,954	\$ 109,858,383	\$ 84,823,628

## 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 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
<b>Revenues:</b>				
Local	\$ 53,383,063	\$ 52,522,846	\$ 51,643,169	\$ 49,671,861
County	12,598,810	12,598,810	12,598,810	12,598,810
State	143,121,613	142,054,580	140,979,928	139,897,792
Federal	7,648,470	7,648,470	7,648,470	8,441,414
Total Revenues	216,751,956	214,824,706	212,870,377	210,609,877
<b>Expenditures:</b>				
Instruction:				
Basic Programs	89,876,491	88,887,145	87,925,986	88,142,619
Added Needs	23,186,253	22,931,022	22,683,063	22,750,173
Adult and Continuing Ed	317,465	313,970	310,575	304,556
Support Services:				
Pupil	16,555,200	16,486,879	16,420,790	16,487,358
Instructional Staff	7,890,253	7,856,189	7,823,057	8,482,879
General Administration	1,422,911	1,416,009	1,409,247	1,863,738
School Admin	9,142,508	9,104,312	9,067,383	9,044,663
Business Services	2,235,733	2,224,253	2,212,990	2,235,400
Operations & Maintenance	14,305,486	14,159,742	14,016,585	15,343,348
Transportation	8,331,360	8,078,124	7,832,306	7,740,362
Central Services	7,086,184	7,043,229	7,001,034	7,016,170
Other Supporting Services	2,993,004	2,984,474	2,976,135	2,967,983
Community Education	2,943,807	2,932,813	2,922,061	3,105,167
Building Improvement	-	-	-	-
Food Service	4,089,371	4,032,717	4,007,566	4,033,888
Book Store	98,798	96,861	94,962	98,000
Early Learning Center	1,485,344	1,418,638	1,360,769	1,303,784
Student/School Activity	2,434,424	2,363,518	2,294,678	2,249,684
Capital Projects				
Capital Outlay	10,125,355	9,949,646	16,301,860	22,578,614
Debt Service				
Principal	6,350,000	6,075,000	5,800,000	5,575,000
Interest and Fiscal Charges	4,423,268	4,681,019	4,926,519	5,162,269
Other	82,500	82,500	82,500	82,500
Total Expenditures	215,375,715	213,118,060	217,470,066	226,568,155
Excess (deficiency) of Revenues Over (Under) Expenditures	1,376,241	1,706,646	(4,599,689)	(15,958,278)
Other Financing Sources and (Uses)				
Interfund Transfers In	5,464	5,305	12,509	121,937
Interfund Transfers Out	(5,464)	(5,305)	(12,509)	(121,937)
Sale of Capital Assets & Other	35,000	35,000	35,000	35,000
Total Other Financing Uses	35,000	35,000	35,000	(588,600)
Net Change in Fund Balance	1,411,241	1,741,646	(4,564,689)	(16,546,878)
Fund Balances:				
July 1,	43,160,924	41,419,278	45,983,967	62,530,845
June 30,	\$ 44,572,165	\$ 43,160,924	\$ 41,419,278	\$ 45,983,967



## Current Year Budget and Three Prior Years Actual – General Fund

### GENERAL FUND BUDGET REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
<b>Revenues:</b>				
Local	\$ 25,022,292	\$ 27,007,784	\$ 27,928,109	\$ 26,438,162
State	139,148,129	135,197,827	134,751,748	131,113,691
Federal	11,610,831	4,327,588	4,187,075	4,091,410
Interdistrict Sources	14,389,713	11,983,365	11,352,305	11,677,700
Total Revenues	<u>190,170,965</u>	<u>178,516,564</u>	<u>178,219,237</u>	<u>173,320,963</u>
<b>Expenditures:</b>				
Instruction:				
Basic Programs	87,636,286	82,483,972	80,891,725	80,062,156
Added Needs	22,679,085	21,909,701	21,034,166	19,872,549
Adult and Continuing Ed	304,556	181,622	234,132	140,107
Support Services:				
Pupil	16,487,358	15,703,602	15,038,292	14,693,611
Instructional Staff	9,905,887	7,902,845	7,844,875	7,249,562
General Administration	1,873,938	1,731,358	1,238,183	1,113,365
School Administration	9,044,663	9,145,567	8,916,404	8,510,330
Business Services	2,275,284	2,059,048	1,899,724	1,906,300
Operations & Maintenance	16,368,821	13,503,355	13,804,892	13,841,590
Transportation	7,356,386	6,120,680	7,533,576	7,297,545
Central Services	7,223,841	5,830,382	5,823,147	7,494,098
Other Support	2,967,983	2,849,242	2,811,551	2,608,312
Community Education	2,124,746	3,109,169	3,293,555	2,895,409
Building Improvement Services	242,819	4,000	1,445,867	2,907,937
Debt Service	-	-	36,341	40,341
Total Instruction and Support	<u>186,491,653</u>	<u>172,534,543</u>	<u>171,846,430</u>	<u>170,633,212</u>
Capital Outlay	<u>3,213,403</u>	<u>3,442,439</u>	<u>1,018,742</u>	<u>343,508</u>
Total Expenditures	<u>189,705,056</u>	<u>175,976,982</u>	<u>172,865,172</u>	<u>170,976,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	465,909	2,539,582	5,354,065	2,344,243
Other Financing Sources (Uses)				
Transfers Out	(2,298,379)	(397,705)	(307,221)	(2,912)
Proceeds from Sale of Cap Assets	35,000	52,653	37,327	6,349
Total Other Financing Sources (Uses)	<u>(2,263,379)</u>	<u>(345,052)</u>	<u>(269,894)</u>	<u>3,437</u>
Net Change in Fund Balance	(1,797,470)	2,194,530	5,084,171	2,347,680
July 1, Fund Balance	<u>38,528,794</u>	<u>36,334,264</u>	<u>31,250,093</u>	<u>28,902,413</u>
Unassigned June 30,	<u>\$ 36,731,324</u>	<u>\$ 38,528,794</u>	<u>\$ 36,334,264</u>	<u>\$ 31,250,093</u>

## Next Year Budget with Three Year Forecast – General Fund

GENERAL FUND BUDGET REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION				
	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Final Budget 2021-22
<b>Revenues:</b>				
Local	\$ 28,139,701	\$ 27,704,801	\$ 27,277,637	\$ 26,858,071
State	143,018,613	141,951,580	140,876,928	139,794,792
Federal	4,793,345	4,793,345	4,793,345	5,586,289
Interdistrict Sources	12,598,810	12,598,810	12,598,810	12,598,810
Total Revenues	188,550,469	187,048,536	185,546,720	184,837,962
<b>Expenditures:</b>				
Instruction:				
Basic Programs	89,876,491	88,887,145	87,925,986	88,142,619
Added Needs	23,186,253	22,931,022	22,683,063	22,750,173
Adult and Continuing Ed	317,465	313,970	310,575	304,556
Support Services:				
Pupil	16,555,200	16,486,879	16,420,790	16,487,358
Instructional Staff	7,890,253	7,856,189	7,823,057	8,482,879
General Administration	1,422,911	1,416,009	1,409,247	1,863,738
School Administration	9,142,508	9,104,312	9,067,383	9,044,663
Business Services	2,235,733	2,224,253	2,212,990	2,235,400
Operations & Maintenance	14,305,486	14,159,742	14,016,585	15,343,348
Transportation	8,331,360	8,078,124	7,832,306	7,740,362
Central Services	7,086,184	7,043,229	7,001,034	7,016,170
Other Support	2,993,004	2,984,474	2,976,135	2,967,983
Community Education	2,943,807	2,932,813	2,922,061	3,105,167
Total Instruction and Support	186,286,655	184,418,161	182,601,212	185,484,416
Capital Outlay	1,189,256	1,188,765	2,392,777	1,106,838
Total Expenditures	187,475,911	185,606,926	184,993,989	186,591,254
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,074,558	1,441,610	552,731	(1,753,292)
Other Financing Sources (Uses)				
Transfers Out	(5,464)	(5,305)	(12,509)	(121,937)
Proceeds from Sale of Cap Assets	35,000	35,000	35,000	35,000
Total Other Financing Sources (Uses)	29,536	29,695	22,491	(86,937)
Net Change in Fund Balance	1,104,094	1,471,305	575,222	(1,840,229)
July 1, Fund Balance	36,937,622	35,466,317	34,891,095	36,731,324
Unassigned June 30,	\$ 38,041,716	\$ 36,937,622	\$ 35,466,317	\$ 34,891,095

### Significant Changes in Fund Balance

The fund balance in General Fund is expected to decrease by approximately \$1.84 million at June 30, 2022, compared to a decrease of \$2.26 million at June 30, 2021. This is due primarily to additional costs related to the COVID-19 global health pandemic that began in early 2020.

### Three Year Budget Forecast Assumptions

#### General Fund

The District develops certain revenue and cost assumptions for its forecasted operating budget from a variety of external sources. Revenue estimates are typically based on third-party enrollment projections and estimated foundation allowance amounts included in the State budget. At the time of this report, foundation allowance has not been estimated by the State and the impact of the global pandemic on student enrollment is unknown.

Expenditure assumptions include employee compensation costs based on salary schedules, staffing levels, expected health insurance premium changes, state pension fund rates, and estimated costs related to the global pandemic. 2021-22 general fund assumptions are as follows:

Revenue:

Foundation	\$	8,529
Enrollment		14,979
Foundation increase	\$	4,029,001
Increase (decrease) in enrollment		(2,498,997)
Estimated revenue increase (decrease)		1,530,004
Less: Property tax increase		408,413
Net state aid		1,121,591
Net change in federal grants		(6,024,542)
Miscellaneous		(838,465)
Total change in revenues:	\$	(5,333,003)

Expenditures:

Custodial contracts	\$	88,734
Transportation contracts		383,976
Expand Strings program		328,478
Health Insurances		503,478
Retirement contributions		247,657
CoV-19 grant related reductions		(6,024,542)
Miscellaneous		1,358,417
Total change in expenditures		(3,113,802)

Total Revenue increase (decrease)	\$	(5,333,003)
Total Expenditure increase (decrease)		(3,113,802)
Net Change in Other Financing Sources (Uses)		2,176,442
Net change in excess (deficiency)	\$	(42,759)

Three-year general fund assumptions are as follows:

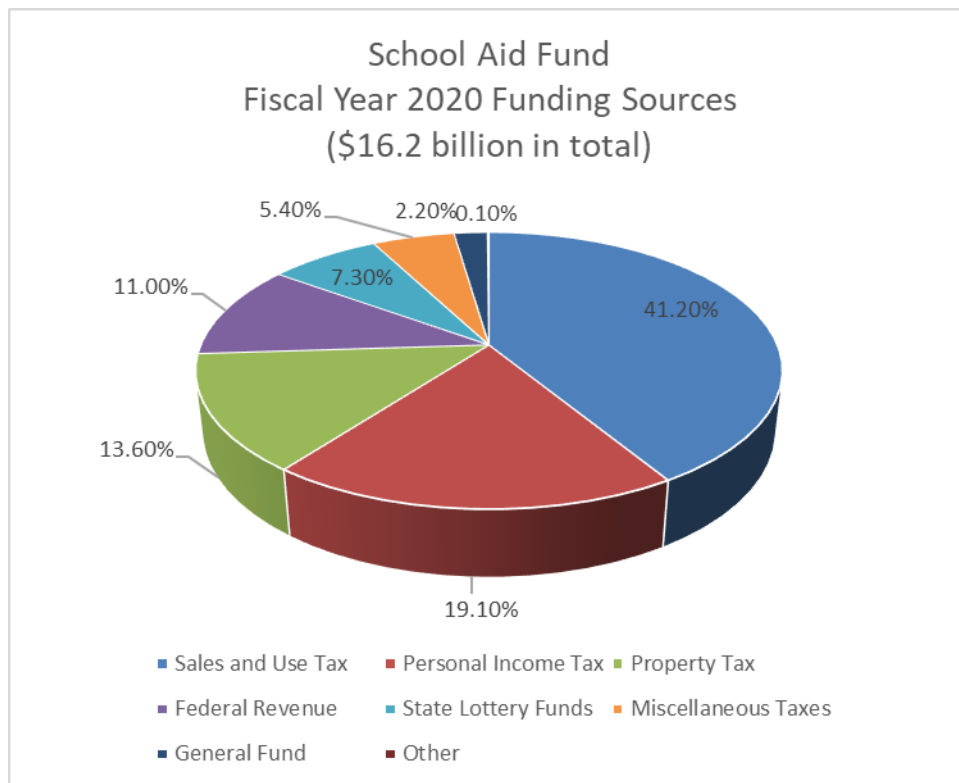
	Assumption	2022-23	Assumption	2023-24	Assumption	2024-25
Revenue:						
Foundation	\$ 100	\$ 8,629	\$ 100	\$ 8,729	\$ 100	\$ 8,829
Enrollment	-	14,979	-	14,979	-	14,979
Expenditures:						
Custodial contracts	-	-	-	-	-	-
Custodial contracts	2.00%	\$ 90,508	2.00%	\$ 92,319	2.00%	\$ 94,165
Transportation contracts	3.00%	229,337	3.00%	236,148	3.00%	243,305
Expand Strings program		315,050		276,528		286,289
Health Insurances	3.50%	521,100	3.50%	539,338	3.50%	558,215
Retirement contributions	1.20%	533,666	1.20%	540,070	1.20%	546,551

### Significant Revenue Sources

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

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

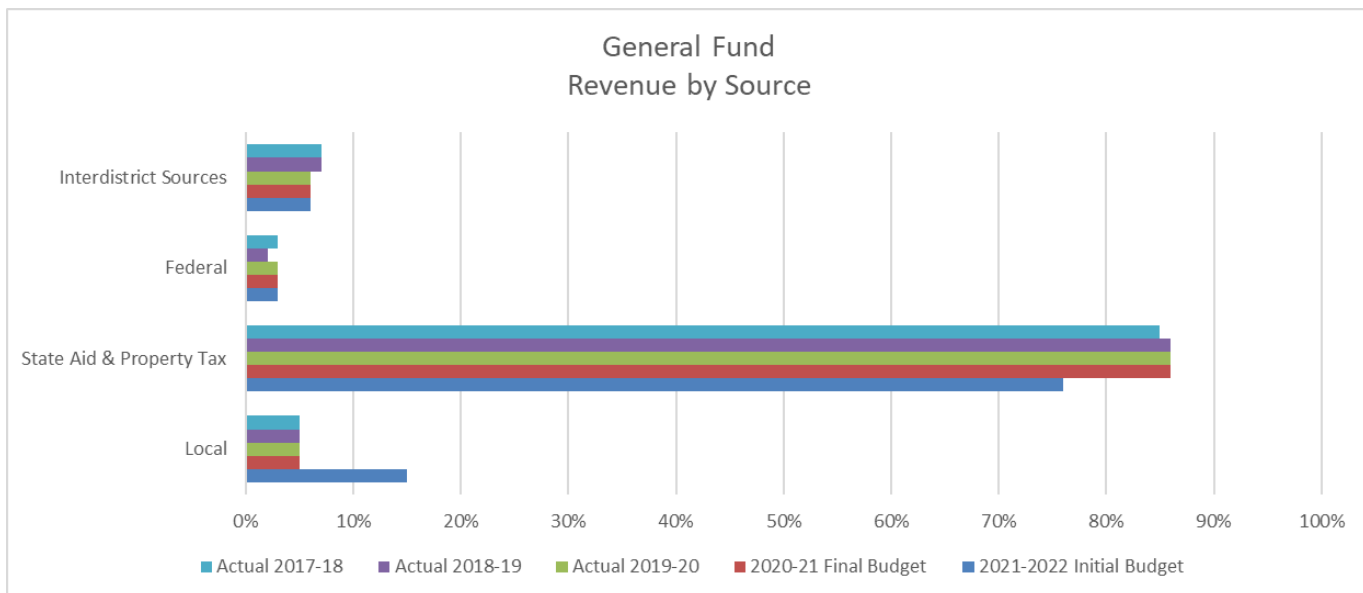
The following graph illustrates the School Aid Fund (SAF) revenue sources for Fiscal Year 2020 (the most recent data available):



Source: State Budget Office

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

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



### Major Revenue Shifts

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

### Revenue Assumptions and Significant Trends

#### *General Fund*

Michigan school districts are funded for operating purposes primarily with a per-pupil foundation allowance allocation comprised of State Aid payments and property tax collections. Fiscal year 2020-21 property tax revenue is based on preliminary values published in the Oakland and Macomb County *FORM L-4028 COUNTY AND VILLAGES 2018 MILLAGE REDUCTION FRACTION COMPUTATIONS*. Forecasted state aid revenue is based on current year

levels and will be adjusted when the State adopts its SAF budget. Long-range foundation allowance projections are calculated by multiplying projected enrollment by estimated per-pupil funding levels.

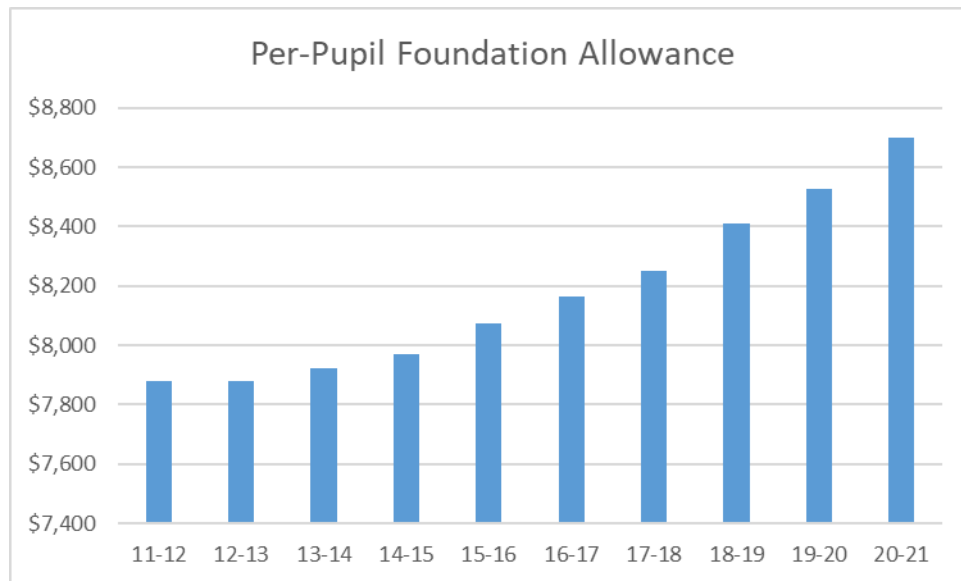
Current Year Revenues by Source and Three Prior Years Actual – General Fund

REVENUES BY SOURCE - GENERAL FUND				
	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Local sources				
Property tax levy	\$ 21,053,994	\$ 19,737,965	\$ 18,100,855	\$ 17,349,319
Earnings on investments	112,034	108,771	125,768	929
Tuition from patrons	126,723	327,640	415,600	382,897
Rentals	125,000	561,632	716,615	705,007
Contributions and grants	183,115	52,080	15,823	54,079
Medicaid	1,116,792	1,326,158	1,227,702	994,691
Athletics gate receipts	-	230,449	229,713	663,283
Other local revenue	2,304,634	4,663,089	7,096,033	6,287,957
Total revenues from local sources	25,022,292	27,007,784	27,928,109	26,438,162
State sources				
Grants - unrestricted				
State school aid	108,011,938	106,123,109	108,203,771	106,099,008
Grants - restricted				
Special education	12,770,356	10,969,960	10,442,825	8,533,083
At risk	1,224,779	1,682,340	982,369	1,018,273
Vocational education	387,622	160,586	177,551	177,132
Early childhood education	137,173	229,604	371,542	328,924
MPSERS Cost Offset	3,291,386	2,878,954	2,080,709	3,651,974
MPSERS UAAL	11,174,692	10,660,862	10,877,603	10,112,039
Other	2,150,183	2,492,412	1,615,378	1,193,258
Total revenues from state sources	139,148,129	135,197,827	134,751,748	131,113,691
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,473,353	3,283,834	3,259,066	3,154,420
COVID-19 Grants	7,024,542	-	-	-
Title I	326,063	347,762	298,058	403,826
Medicaid Outreach	50,000	67,971	451	21,089
Title II A	333,655	296,946	269,542	161,587
Title III	214,882	135,933	179,588	200,030
Title IV	13,096	24,729	33,665	-
Adult education	175,240	170,413	146,705	150,458
Total revenues from federal sources	11,610,831	4,327,588	4,187,075	4,091,410
Interdistrict sources				
County sources	14,389,713	11,983,365	11,352,304	11,677,699
Total county sources	14,389,713	11,983,365	11,352,304	11,677,699
Other financing sources				
Sale of assets	35,000	-	-	6,349
Other Reimbursements	-	52,653	37,327	-
Total other sources	35,000	52,653	37,327	6,349
Total revenues and Other financing sources	\$ 190,205,965	\$ 178,569,217	\$ 178,256,563	\$ 173,327,311

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

	REVENUES BY SOURCE - GENERAL FUND			
	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
Local sources				
Property tax levy	\$ 22,955,493	\$ 22,524,626	\$ 22,101,378	\$ 21,685,614
Earnings on investments	115,395	115,395	115,395	115,395
Tuition from patrons	138,474	134,441	130,525	126,723
Rentals	550,000	550,000	550,000	550,000
Contributions and grants	183,115	183,115	183,115	183,115
Medicaid	1,116,792	1,116,792	1,116,792	1,116,792
Athletics gate receipts	-	-	-	-
Other local revenue	3,080,432	3,080,432	3,080,432	3,080,432
Total revenues from local sources	28,139,701	27,704,801	27,277,637	26,858,071
State sources				
Grants - unrestricted				
State school aid	111,057,991	109,990,958	108,916,306	107,834,170
Grants - restricted				
Special education	13,025,763	13,025,763	13,025,763	13,025,763
At risk	1,261,522	1,261,522	1,261,522	1,261,522
Vocational education	391,498	391,498	391,498	391,498
Early childhood education	-	-	-	-
MPSERS Cost Offset	3,324,300	3,324,300	3,324,300	3,324,300
MPSERS UAAL	11,286,439	11,286,439	11,286,439	11,286,439
Other	2,671,100	2,671,100	2,671,100	2,671,100
Total revenues from state sources	143,018,613	141,951,580	140,876,928	139,794,792
Federal sources				
Grants - restricted				
Special education - I.D.E.A.	3,647,021	3,647,021	3,647,021	3,647,021
COVID-19 Grants	-	-	-	792,944
Title I	335,845	335,845	335,845	335,845
Medicaid Outreach	51,500	51,500	51,500	51,500
Title II A	343,665	343,665	343,665	343,665
Title III	221,328	221,328	221,328	221,328
Title IV	13,489	13,489	13,489	13,489
Adult education	180,497	180,497	180,497	180,497
Total revenues from federal sources	4,793,345	4,793,345	4,793,345	5,586,289
Interdistrict sources				
County sources	12,598,810	12,598,810	12,598,810	12,598,810
Total county sources	12,598,810	12,598,810	12,598,810	12,598,810
Other financing sources				
Sale of assets	35,000	35,000	35,000	35,000
Other Reimbursements	-	-	-	-
Total other sources	35,000	35,000	35,000	35,000
Total revenues and Other financing sources	\$ 188,585,469	\$ 187,083,536	\$ 185,581,720	\$ 184,872,962

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:

Classification	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	1/31/2022
Administrators	RCS Administrators Association	6/30/2022
Secretaries	Rochester Support Personnel, MEA/NEA	6/20/2024
Maintenance/Grounds/Technicians	Local 202, Council 25, AFSCME	6/30/2023
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2021
Executive Staff/Directors	Local Contracts	6/30/2022
Executive Assistants	No Affiliation	N/A
Managers/Supervisors/Coordinators	No Affiliation	N/A
Pre-K Program	No Affiliation	N/A

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



### *Retirement System Contributions*

The District is required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the retirement coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2020 valuation will be amortized over a 20-year period for fiscal year 2020.

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

From:		Contribution Period		Contribution Rates	
		To:		Range	
Month	Year	Month	Year	Low	High
October 1,	2017	January 31,	2018	13.54%	17.89%
February 1,	2018	August 31,	2018	13.54%	19.74%
September 1,	2019	September 30,	2019	20.96%	27.16%
October 1,	2019	September 30,	2020	20.96%	27.50%
October 1,	2020	September 30,	2021	20.96%	28.21%
October 1,	2021	September 30,	2022	20.96%	28.23%

### *Self-funded Health Insurances*

The District maintains a self-funded health insurance plan through Blue Cross Blue Shield of Michigan. Current year premiums are calculated based on the previous year health care costs. Plan years begin on January 1 and end on December 31. The District pays 80% of the premium for health coverage, and 20% of the premium is collected via payroll deduction over a ten-month period beginning in September. Health insurance premiums totaled approximately \$16.7 million in 2020-21. Premiums are expected to increase by 3.5% beginning January 1, 2022.

### Major Expenditure Shifts

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

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Instruction				
Salaries:				
Elementary	\$ 23,448,788	\$ 23,791,258	\$ 22,590,807	\$ 22,599,239
Middle School	10,973,805	10,724,900	10,228,022	9,742,102
High School	15,233,385	14,556,194	14,039,563	14,156,548
Other Basic Programs	395,899	874,151	954,253	834,307
Special Education	9,995,753	10,170,648	9,863,427	9,381,456
Other Added Needs	1,462,668	1,500,347	1,393,036	1,355,781
Adult Education	149,083	99,839	100,830	92,908
Total Salaries	61,659,381	61,717,337	59,169,938	58,162,341
Employee Benefits:				
Group Insurance	9,949,291	7,756,497	8,964,961	9,232,632
Social Security & Retirement	30,640,793	28,541,735	27,474,864	26,482,102
Other Employee Benefits	484,072	498,142	255,305	464,994
Total Employee Benefits	41,074,156	36,796,374	36,695,130	36,179,728
Purchased Services	2,836,994	2,139,875	2,457,041	2,349,576
Supplies & Materials	2,763,350	1,586,989	1,757,083	1,277,948
Other Expenses	2,286,046	2,334,716	2,043,504	2,105,219
Total Instruction	110,619,927	104,575,291	102,122,696	100,074,812
Student Services				
Salaries:				
Professional	8,746,361	8,263,437	8,233,619	8,132,109
Non-professional	856,705	1,042,397	746,479	746,429
Total Salaries	9,603,066	9,305,834	8,980,098	8,878,538
Employee Benefits:				
Group Insurance	1,674,626	1,680,480	1,623,577	1,535,835
Social Security & Retirement	4,709,215	4,375,930	4,100,686	3,935,452
Other Employee Benefits	98,990	83,742	73,620	70,233
Total Employee Benefits	6,482,831	6,140,152	5,797,883	5,541,520
Purchased Services	357,759	227,260	220,936	230,651
Supplies & Materials	38,702	23,488	39,375	42,902
Other Expenses	5,000	8,329	-	-
Total Student Services	16,487,358	15,705,063	15,038,292	14,693,611
Staff Services				
Salaries:				
Professional	4,855,106	3,721,547	3,713,316	3,485,691
Non-professional	441,457	547,589	299,309	331,602
Total Salaries	5,296,563	4,269,136	4,012,625	3,817,293
Employee Benefits:				
Group Insurance	673,670	776,850	791,611	734,342
Social Security & Retirement	2,391,207	1,984,896	1,795,832	1,663,117
Other Employee Benefits	25,838	18,152	12,495	10,455
Total Employee Benefits	3,090,715	2,779,898	2,599,938	2,407,914
Purchased Services	1,044,235	481,270	686,728	522,957
Supplies & Materials	417,571	352,713	527,714	483,108
Other Expenses	56,803	19,828	17,870	18,290
Total Staff Services	9,905,887	7,902,845	7,844,875	7,249,562

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
General Administration				
Salaries:				
Professional	\$ 452,924	\$ 420,606	\$ 378,890	\$ 372,162
Non-professional	132,500	130,814	123,277	119,551
Total Salaries	<u>585,424</u>	<u>551,420</u>	<u>502,167</u>	<u>491,713</u>
Employee Benefits:				
Group Insurance	79,475	81,592	74,331	58,522
Social Security & Retirement	283,780	251,918	226,335	218,108
Other Employee Benefits	29,918	12,500	13,027	14,412
Total Employee Benefits	<u>393,173</u>	<u>346,010</u>	<u>313,693</u>	<u>291,042</u>
Purchased Services	849,543	790,648	369,793	302,129
Supplies & Materials	6,200	10,864	16,681	9,660
Other Expenses	39,598	32,465	35,849	18,821
Total General Administration	<u>1,873,938</u>	<u>1,731,407</u>	<u>1,238,183</u>	<u>1,113,365</u>
School Administration				
Salaries:				
Professional	3,894,655	3,991,135	4,068,497	3,899,645
Non-professional	1,451,660	1,498,848	1,330,547	1,276,811
Total Salaries	<u>5,346,315</u>	<u>5,489,983</u>	<u>5,399,044</u>	<u>5,176,456</u>
Employee Benefits:				
Group Insurance	991,549	1,007,566	970,202	904,172
Social Security & Retirement	2,576,339	2,534,401	2,424,670	2,262,849
Other Employee Benefits	14,823	14,604	14,510	17,351
Total Employee Benefits	<u>3,582,711</u>	<u>3,556,571</u>	<u>3,409,382</u>	<u>3,184,372</u>
Purchased Services	83,083	69,412	76,200	90,571
Supplies & Materials	29,904	27,601	29,447	56,358
Other Expenses	2,650	2,002	2,331	2,573
Total School Administration	<u>9,044,663</u>	<u>9,145,569</u>	<u>8,916,404</u>	<u>8,510,330</u>
Business Services				
Salaries:				
Professional	639,797	648,485	545,504	444,912
Non-professional	101,547	84,891	117,022	162,347
Total Salaries	<u>741,344</u>	<u>733,376</u>	<u>662,526</u>	<u>607,259</u>
Employee Benefits:				
Group Insurance	115,530	138,382	107,560	79,398
Social Security & Retirement	363,064	343,959	305,122	272,091
Other Employee Benefits	10,117	5,152	4,799	7,931
Total Employee Benefits	<u>488,711</u>	<u>487,493</u>	<u>417,481</u>	<u>359,420</u>
Purchased Services	749,143	683,977	650,650	706,416
Supplies & Materials	24,931	9,881	12,213	19,325
Other Expenses	271,155	144,323	156,854	213,880
Total Business Services	<u>2,275,284</u>	<u>2,059,050</u>	<u>1,899,724</u>	<u>1,906,300</u>

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
Operations & Maintenance				
Salaries:				
Professional	\$ 313,924	\$ 388,536	\$ 320,547	\$ 310,025
Non-professional	<u>1,319,953</u>	<u>1,082,256</u>	<u>1,016,265</u>	<u>1,078,928</u>
Total Salaries	1,633,877	1,470,792	1,336,812	1,388,953
Employee Benefits:				
Group Insurance	256,674	284,340	291,401	305,413
Social Security & Retirement	786,571	690,414	610,057	601,921
Other Employee Benefits	<u>7,593</u>	<u>6,086</u>	<u>4,080</u>	<u>3,572</u>
Total Employee Benefits	1,050,838	980,840	905,538	910,906
Purchased Services	8,866,540	7,439,574	7,601,246	7,670,927
Supplies & Materials	4,812,910	3,608,984	3,957,530	3,868,223
Other Expenses	<u>4,656</u>	<u>3,164</u>	<u>3,766</u>	<u>2,581</u>
Total Operations & Maintenance	16,368,821	13,503,354	13,804,892	13,841,590
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	<u>27,395</u>	<u>14,002</u>	<u>-</u>	<u>-</u>
Total Salaries	27,395	14,002	-	-
Employee Benefits:				
Group Insurance	6,775	1,337	-	-
Social Security & Retirement	14,082	6,999	-	-
Other Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Employee Benefits	20,857	8,336	-	-
Purchased Services	6,801,784	5,737,671	7,000,496	6,805,469
Supplies & Materials	505,100	360,170	531,830	492,076
Other Expenses	<u>1,250</u>	<u>501</u>	<u>1,250</u>	<u>-</u>
Total Transportation	7,356,386	6,120,680	7,533,576	7,297,545
Central Services				
Salaries:				
Professional	1,516,698	1,190,194	1,230,922	1,071,794
Non-professional	<u>991,371</u>	<u>1,136,451</u>	<u>1,153,208</u>	<u>3,222,681</u>
Total Salaries	2,508,069	2,326,645	2,384,130	4,294,475
Employee Benefits:				
Group Insurance	367,970	322,505	318,261	316,301
Social Security & Retirement	1,253,765	1,121,745	1,169,310	1,028,672
Other Employee Benefits	<u>27,837</u>	<u>28,728</u>	<u>29,475</u>	<u>13,092</u>
Total Employee Benefits	1,649,572	1,472,978	1,517,046	1,358,065
Purchased Services	2,966,752	1,988,080	1,871,954	1,810,745
Supplies & Materials	51,531	17,778	20,974	21,409
Other Expenses	<u>47,917</u>	<u>24,904</u>	<u>29,043</u>	<u>9,404</u>
Total Central Services	7,223,841	5,830,385	5,823,147	7,494,098

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
Other Support				
Salaries:				
Professional	\$ 376,882	\$ 365,169	\$ 341,812	\$ 315,252
Non-professional	<u>1,277,114</u>	<u>1,266,188</u>	<u>1,235,314</u>	<u>1,150,634</u>
Total Salaries	1,653,996	1,631,357	1,577,126	1,465,886
Employee Benefits:				
Group Insurance	120,327	123,104	103,969	85,430
Social Security & Retirement	753,798	740,759	696,920	627,598
Other Employee Benefits	<u>-</u>	<u>450</u>	<u>866</u>	<u>1,500</u>
Total Employee Benefits	874,125	864,313	801,755	714,528
Purchased Services	261,564	198,964	243,660	272,856
Supplies & Materials	132,486	111,022	129,453	110,563
Other Expenses	<u>45,812</u>	<u>43,591</u>	<u>59,557</u>	<u>44,479</u>
Total Other Support	2,967,983	2,849,247	2,811,551	2,608,312
Community Services				
Salaries:				
Professional	369,003	444,365	397,943	414,886
Non-professional	<u>658,547</u>	<u>1,172,408</u>	<u>1,288,676</u>	<u>1,163,611</u>
Total Salaries	1,027,550	1,616,773	1,686,619	1,578,497
Employee Benefits:				
Group Insurance	149,193	163,657	113,277	101,301
Social Security & Retirement	451,917	736,063	733,589	668,327
Other Employee Benefits	<u>1,500</u>	<u>1,884</u>	<u>1,520</u>	<u>1,217</u>
Total Employee Benefits	602,610	901,604	848,386	770,845
Purchased Services	389,778	509,703	640,675	452,159
Supplies & Materials	88,708	71,816	105,981	88,508
Other Expenses	<u>16,100</u>	<u>9,269</u>	<u>11,894</u>	<u>5,400</u>
Total Community Services	2,124,746	3,109,165	3,293,555	2,895,409
Building improvements	258,621	4,000	1,445,867	2,907,937
Debt service	-	-	36,341	40,341
Capital Outlay	3,213,403	3,440,926	1,055,912	343,508
Other Financing Uses				
Transfers out	<u>2,282,577</u>	<u>397,705</u>	<u>307,221</u>	<u>2,912</u>
Total Other Financing Uses	2,282,577	397,705	307,221	2,912
Total Expenditures	\$ <u>192,003,435</u>	\$ <u>176,374,687</u>	\$ <u>173,172,236</u>	\$ <u>170,979,632</u>

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

EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND				
	Forecast Budget 2023-24	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
<b>Instruction</b>				
Salaries:				
Elementary	\$ 23,990,764	\$ 23,990,764	\$ 23,990,764	\$ 23,990,764
Middle School	11,792,518	11,506,229	11,229,701	10,914,651
High School	15,151,269	15,151,269	15,151,269	15,151,269
Other Basic Programs	393,765	393,765	393,765	393,765
Special Education	9,941,870	9,941,870	9,941,870	9,941,870
Other Added Needs	1,454,783	1,454,783	1,454,783	1,454,783
Adult Education	148,279	148,279	148,279	148,279
Total Salaries	62,873,248	62,586,959	62,310,431	61,995,381
Employee Benefits:				
Group Insurance	10,930,479	10,560,849	10,203,719	9,858,666
Social Security & Retirement	32,429,834	31,883,283	31,349,617	30,815,951
Other Employee Benefits	484,072	484,072	484,072	484,072
Total Employee Benefits	43,844,385	42,928,204	42,037,408	41,158,689
Purchased Services	2,556,556	2,531,244	2,506,182	2,836,994
Supplies & Materials	1,651,265	1,634,916	1,618,729	2,763,350
Other Expenses	2,454,754	2,450,814	2,446,874	2,442,934
Total Instruction	113,380,208	112,132,137	110,919,624	111,197,348
<b>Student Services</b>				
Salaries:				
Professional	8,746,361	8,746,361	8,746,361	8,746,361
Non-professional	856,705	856,705	856,705	856,705
Total Salaries	9,603,066	9,603,066	9,603,066	9,603,066
Employee Benefits:				
Group Insurance	1,856,688	1,793,901	1,733,238	1,674,626
Social Security & Retirement	4,709,215	4,709,215	4,709,215	4,709,215
Other Employee Benefits	98,990	98,990	98,990	98,990
Total Employee Benefits	6,664,893	6,602,106	6,541,443	6,482,831
Purchased Services	241,170	236,441	231,805	357,759
Supplies & Materials	41,071	40,266	39,476	38,702
Other Expenses	5,000	5,000	5,000	5,000
Total Student Services	16,555,200	16,486,879	16,420,790	16,487,358
<b>Staff Services</b>				
Salaries:				
Professional	3,701,003	3,701,003	3,701,003	3,701,003
Non-professional	441,457	441,457	441,457	441,457
Total Salaries	4,142,460	4,142,460	4,142,460	4,142,460
Employee Benefits:				
Group Insurance	734,734	709,888	685,882	662,688
Social Security & Retirement	2,001,502	2,001,502	2,001,502	2,001,502
Other Employee Benefits	23,738	23,738	23,738	23,738
Total Employee Benefits	2,759,974	2,735,128	2,711,122	2,687,928
Purchased Services	500,762	495,804	490,895	1,178,087
Supplies & Materials	430,224	425,964	421,747	417,571
Other Expenses	56,833	56,833	56,833	56,833
Total Staff Services	7,890,253	7,856,189	7,823,057	8,482,879

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

	EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND			
	Forecast Budget 2023-24	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
General Administration				
Salaries:				
Professional	\$ 452,924	\$ 452,924	\$ 452,924	\$ 452,924
Non-professional	132,500	132,500	132,500	132,500
Total Salaries	585,424	585,424	585,424	585,424
Employee Benefits:				
Group Insurance	88,116	85,136	82,257	79,475
Social Security & Retirement	283,780	283,780	283,780	283,780
Other Employee Benefits	29,918	29,918	29,918	29,918
Total Employee Benefits	401,814	398,834	395,955	393,173
Purchased Services	384,771	380,961	377,189	839,543
Supplies & Materials	11,304	11,192	11,081	6,000
Other Expenses	39,598	39,598	39,598	39,598
Total General Administration	1,422,911	1,416,009	1,409,247	1,863,738
School Administration				
Salaries:				
Professional	3,894,655	3,894,655	3,894,655	3,894,655
Non-professional	1,451,660	1,451,660	1,451,660	1,451,660
Total Salaries	5,346,315	5,346,315	5,346,315	5,346,315
Employee Benefits:				
Group Insurance	1,099,348	1,062,172	1,026,253	991,549
Social Security & Retirement	2,576,339	2,576,339	2,576,339	2,576,339
Other Employee Benefits	14,823	14,823	14,823	14,823
Total Employee Benefits	3,690,510	3,653,334	3,617,415	3,582,711
Purchased Services	72,223	71,508	70,800	83,083
Supplies & Materials	30,810	30,505	30,203	29,904
Other Expenses	2,650	2,650	2,650	2,650
Total School Administration	9,142,508	9,104,312	9,067,383	9,044,663
Business Services				
Salaries:				
Professional	639,797	639,797	639,797	639,797
Non-professional	101,547	101,547	101,547	101,547
Total Salaries	741,344	741,344	741,344	741,344
Employee Benefits:				
Group Insurance	128,091	123,759	119,574	115,530
Social Security & Retirement	363,064	363,064	363,064	363,064
Other Employee Benefits	10,117	10,117	10,117	10,117
Total Employee Benefits	501,272	496,940	492,755	488,711
Purchased Services	711,680	704,634	697,657	709,259
Supplies & Materials	10,282	10,180	10,079	24,931
Other Expenses	271,155	271,155	271,155	271,155
Total Business Services	2,235,733	2,224,253	2,212,990	2,235,400

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

	EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND			
	Forecast Budget 2023-24	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
Operations & Maintenance				
Salaries:				
Professional	\$ 313,924	\$ 313,924	\$ 313,924	\$ 313,924
Non-professional	1,074,629	1,074,629	1,074,629	1,074,629
Total Salaries	1,388,553	1,388,553	1,388,553	1,388,553
Employee Benefits:				
Group Insurance	284,579	274,956	265,658	256,674
Social Security & Retirement	664,242	664,242	664,242	664,242
Other Employee Benefits	9,355	9,355	9,355	7,492
Total Employee Benefits	958,176	948,553	939,255	928,408
Purchased Services	7,716,566	7,622,401	7,530,082	8,908,821
Supplies & Materials	4,237,535	4,195,579	4,154,039	4,112,910
Other Expenses	4,656	4,656	4,656	4,656
Total Operations & Maintenance	14,305,486	14,159,742	14,016,585	15,343,348
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	31,713	30,203	28,765	27,395
Total Salaries	31,713	30,203	28,765	27,395
Employee Benefits:				
Group Insurance	7,511	7,257	7,012	6,775
Social Security & Retirement	14,122	13,449	12,809	14,082
Other Employee Benefits	-	-	-	-
Total Employee Benefits	21,633	20,706	19,821	20,857
Purchased Services	7,894,550	7,651,245	7,415,097	7,185,760
Supplies & Materials	382,214	374,720	367,373	505,100
Other Expenses	1,250	1,250	1,250	1,250
Total Transportation	8,331,360	8,078,124	7,832,306	7,740,362
Central Services				
Salaries:				
Professional	1,516,698	1,516,698	1,516,698	1,516,698
Non-professional	960,731	960,731	960,731	960,731
Total Salaries	2,477,429	2,477,429	2,477,429	2,477,429
Employee Benefits:				
Group Insurance	407,975	394,179	380,849	367,970
Social Security & Retirement	1,253,765	1,253,765	1,253,765	1,253,765
Other Employee Benefits	27,837	27,837	27,837	27,837
Total Employee Benefits	1,689,577	1,675,781	1,662,451	1,649,572
Purchased Services	2,874,252	2,845,794	2,817,618	2,789,721
Supplies & Materials	18,498	18,315	18,134	51,531
Other Expenses	26,428	25,910	25,402	47,917
Total Central Services	7,086,184	7,043,229	7,001,034	7,016,170



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

	EXPENDITURES BY FUNCTION & OBJECT - GENERAL FUND			
	Forecast Budget 2023-24	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
Other Support				
Salaries:				
Professional	\$ 376,882	\$ 376,882	\$ 376,882	\$ 376,882
Non-professional	1,277,114	1,277,114	1,277,114	1,277,114
Total Salaries	1,653,996	1,653,996	1,653,996	1,653,996
Employee Benefits:				
Group Insurance	133,408	128,897	124,538	120,327
Social Security & Retirement	753,798	753,798	753,798	753,798
Other Employee Benefits	-	-	-	-
Total Employee Benefits	887,206	882,695	878,336	874,125
Purchased Services	269,490	266,822	264,180	261,564
Supplies & Materials	136,500	135,149	133,811	132,486
Other Expenses	45,812	45,812	45,812	45,812
Total Other Support	2,993,004	2,984,474	2,976,135	2,967,983
Community Services				
Salaries:				
Professional	369,003	369,003	369,003	369,003
Non-professional	1,394,468	1,394,468	1,394,468	1,394,468
Total Salaries	1,763,471	1,763,471	1,763,471	1,763,471
Employee Benefits:				
Group Insurance	165,414	159,820	154,415	149,193
Social Security & Retirement	451,917	451,917	451,917	451,917
Other Employee Benefits	1,500	1,500	1,500	1,500
Total Employee Benefits	618,831	613,237	607,832	602,610
Purchased Services	453,104	448,618	444,176	439,778
Supplies & Materials	92,301	91,387	90,482	283,208
Other Expenses	16,100	16,100	16,100	16,100
Total Community Services	2,943,807	2,932,813	2,922,061	3,105,167
Building improvements	-	-	-	-
Debt service	-	-	-	-
Capital Outlay	1,189,256	1,188,765	2,392,777	1,106,838
Other Financing Uses				
Transfers out	5,464	5,305	12,509	121,937
Total Other Financing Uses	5,464	5,305	12,509	121,937
Total Expenditures	\$ 187,481,374	\$ 185,612,231	\$ 185,006,498	\$ 186,713,191

**Negative Trends**

The District's general fund forecast shows a negative trend in fund balance through June 30, 2022; primarily related to the purchase of a new administration building and costs related to the COVID-19 global health pandemic.

**Debt Retirement Fund**

Public school districts may also propose millage levies for debt (to build buildings and/or additions, renovate facilities, purchase buses and/or technology and other equipment, purchase land, etc.). Debt levies are

assessed on all classes of taxable property and may increase or decrease as taxable property values fluctuate. The District currently levies 3.48 mills (\$3.48 for every \$1,000 of taxable property) to fund the debt retirement on its bonded debt. Amortization schedules for bonded debt can be found in this section of this report. Bonded debt is comprised of the following issues:

\$108,725,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,150,000 to \$14,600,000 through May 2036; interest from 4.00% to 5.00%.	73,675,000
\$56,025,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,995,000 to \$3,680,000 through May 2039; interest from 3.00% to 3.125%.	51,965,000
	<hr/>
Total Bonds Payable	<u><u>\$ 160,825,000</u></u>

The projected Debt Retirement Fund revenue assumes a 2% increase in property values in 2021-22 and is projected to increase at a nominal rate through 2025. The 2021-22 debt levy is 3.48 mills on all classes of property. All bonds are scheduled to be retired by May 2039. This debt does not impact general fund, which entered into a \$3 million, 5-year installment purchase agreement in 2021.

The District's current unused legal debt capacity is \$852,456,259. The general bonded debt of the District is limited to 15% of the state equalized value of the total taxable property in the District.

The computation of the legal debt margin is as follows:

State Equalized Value (SEV)	\$ 7,025,273,210
Legal Debt Limit - (15% of SEV)	1,053,790,982
Calulation of Debt Subject to Limit	
Total Debt	125,640,000
Less Debt not Subject to Limit - State Qualified Debt Issuance	<hr/> -
Net Debt Subject to Limit	<u>125,640,000</u>
Legal Debt Margin	<u><u>\$ 928,150,982</u></u>

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

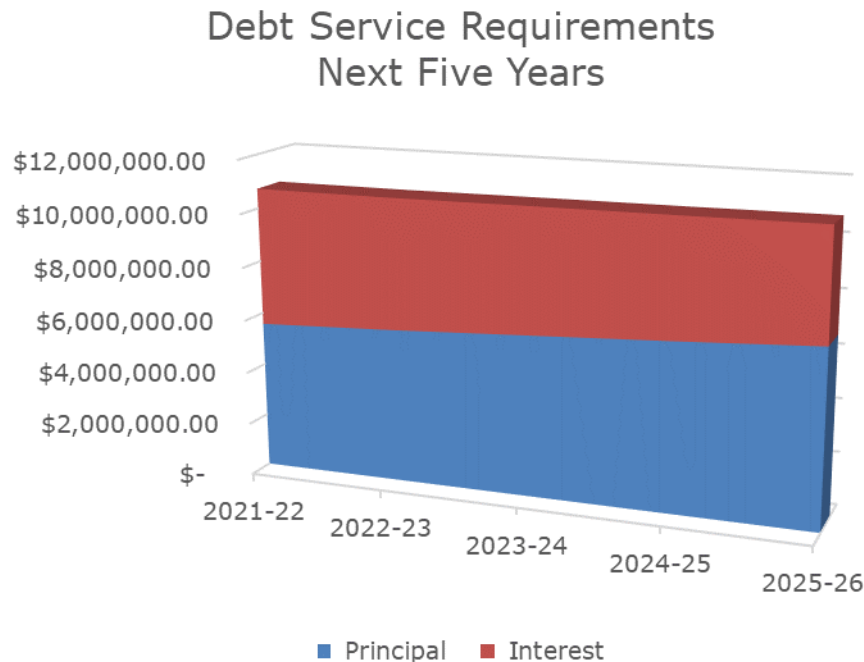
	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues				
Local Sources				
Property Taxes	\$ 18,992,500	\$ 27,619,164	\$ 29,572,956	\$ 28,079,585
Interest on Investments	<u>20,815</u>	<u>28,135</u>	<u>30,408</u>	<u>20,385</u>
Total Revenues & Other Sources	19,013,315	27,647,299	29,603,364	28,099,970
Expenditures				
Principal	13,365,000	21,820,000	21,970,000	21,160,000
Interest and Fiscal Charges	5,789,219	6,781,374	6,132,733	7,101,952
Other	<u>63,500</u>	<u>40,140</u>	<u>14,865</u>	<u>72,739</u>
Total Expenditures & Other Uses	19,217,719	28,641,514	28,117,598	28,334,691
Excess (deficiency) of Revenues Over (Under) Expenditures	(204,404)	(994,215)	1,485,766	(234,721)
Fund Balance July 1	<u>2,742,109</u>	<u>3,736,324</u>	<u>2,250,558</u>	<u>2,485,279</u>
Fund Balance June 30	\$ <u>2,537,705</u>	\$ <u>2,742,109</u>	\$ <u>3,736,324</u>	\$ <u>2,250,558</u>

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

	Budget 2024-25	Budget 2023-24	Budget 2022-23	Budget 2021-22
Revenues				
Local Sources				
Property Taxes	\$ 10,773,268	\$ 10,756,019	\$ 10,726,519	\$ 9,532,934
Interest on Investments	<u>10,773</u>	<u>10,756</u>	<u>10,727</u>	<u>22,815</u>
Total Revenues & Other Sources	10,784,041	10,766,775	10,737,246	9,555,749
Expenditures				
Principal	6,350,000	6,075,000	5,800,000	5,575,000
Interest and Fiscal Charges	4,423,268	4,681,019	4,926,519	5,162,269
Other	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>
Total Expenditures & Other Uses	10,855,768	10,838,519	10,809,019	10,819,769
Excess (deficiency) of Revenues Over (Under) Expenditures	(71,727)	(71,744)	(71,773)	(1,264,020)
Fund Balance July 1	<u>1,130,168</u>	<u>1,201,912</u>	<u>1,273,685</u>	<u>2,537,705</u>
Fund Balance June 30	\$ <u>1,058,441</u>	\$ <u>1,130,168</u>	\$ <u>1,201,912</u>	\$ <u>1,273,685</u>

### Debt retirement Requirements

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



### Capital Projects Fund

The proceeds of \$185 million from the 2016 Building and Site Bonds will be used to fund capital projects through 2022. The District issued the first series of Building and Site Bonds in the spring of 2016. The amount of the first series totaled \$128 million. The second series of Building and Site bonds was issued in the spring of 2019 in the amount of \$57 million. Interest earnings on invested funds will be recorded as revenue and used to support capital purchases.

On November 5, 2019, the Rochester community approved a ten-year, 1.5 mill levy on all classes of property for the purpose of a sinking fund. Tax levies began with the 2020 summer tax collection. Proceeds from the fund will be used to repair and replace district critical district infrastructure.

### Negative Trends

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

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

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

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,071,000	\$ -	\$ -	\$ -
Interest on Investments	148,763	888,978	645,715	967,334
Other Local Revenues	72,840	56,134	207,232	59,401
Total Revenues & Other Sources	8,292,603	945,112	852,947	1,026,735
Expenditures & Other Financing Uses:				
Site Improvements	4,059,733	6,614,038	8,853,971	10,344,382
Buildings and Additions	17,616,720	18,931,206	21,722,360	27,460,178
Furniture, Fixtures and Equipment	1,992,606	2,919,478	4,758,826	4,112,713
Buses	2,222,190	2,164,177	1,359,827	91,636
Other	2,087,616	1,423,428	2,357,514	2,239,102
Total Expenditures & Other Uses	27,978,865	32,052,327	39,052,498	44,248,011
Excess (deficiency) of Revenues Over (Under) Expenditures	(19,686,262)	(31,107,215)	(38,199,551)	(43,221,276)
Other Financing Sources (Uses)				
Installment Loan Proceeds	3,000,000	-	-	-
Bond Proceeds	-	-	56,025,000	-
Bond Premiums	-	-	1,401,098	-
Bond Issuance Costs	-	-	(592,481)	-
Transfers In	2,000,000	-	-	-
Total Other Financing Sources (Uses)	5,000,000	-	56,833,617	-
Fund Balance July 1	35,584,166	66,691,381	48,057,315	91,278,591
Fund Balance June 30	<u>\$ 20,897,904</u>	<u>\$ 35,584,166</u>	<u>\$ 66,691,381</u>	<u>\$ 48,057,315</u>



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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,995,469	\$ 8,819,087	\$ 8,646,164	\$ 8,476,631
Interest on Investments	44,977	44,095	69,699	105,505
Other Local Revenues	-	-	-	10,000
Total Revenues & Other Sources	9,040,446	8,863,182	8,715,863	8,592,136
Expenditures & Other Financing Uses:				
Site Improvements	719,638	705,527	691,693	1,331,997
Buildings and Additions	6,147,503	6,026,964	5,908,789	8,219,689
Furniture, Fixtures and Equipment	1,439,275	1,411,054	6,703,370	9,765,295
Other	629,683	617,336	605,231	2,154,795
Total Expenditures & Other Uses	8,936,099	8,760,881	13,909,083	21,471,776
Excess (deficiency) of Revenues Over (Under) Expenditures	104,347	102,301	(5,193,220)	(12,879,640)
Other Financing Sources (Uses)				
Installment Loan Principal	-	-	-	(586,400)
Installment Loan Interest	-	-	-	(37,200)
Total Other Financing Sources (Uses)	-	-	-	(623,600)
Fund Balance July 1	2,303,745	2,201,444	7,394,664	20,897,904
Fund Balance June 30	<u>\$ 2,408,092</u>	<u>\$ 2,303,745</u>	<u>\$ 2,201,444</u>	<u>\$ 7,394,664</u>

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

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 108,408	\$ 888,978	\$ 645,715	\$ 967,334
Other Local Revenues	72,840	56,134	207,232	59,401
Total Revenues & Other Sources	181,248	945,112	852,947	1,026,735
Expenditures & Other Financing Uses:				
Site Improvements	3,066,305	6,614,038	8,853,971	10,344,382
Buildings and Additions	9,739,627	18,931,206	21,722,360	27,460,178
Furniture, Fixtures and Equipment	1,992,606	2,919,478	4,758,826	4,112,713
Buses	2,222,190	2,164,177	1,359,827	91,636
Other	1,844,439	1,423,428	2,357,514	2,239,102
Total Expenditures & Other Uses	18,865,167	32,052,327	39,052,498	44,248,011
Excess (deficiency) of Revenues Over (Under) Expenditures	(18,683,919)	(31,107,215)	(38,199,551)	(43,221,276)
Other Financing Sources (Uses)				
Bond Proceeds	-	-	56,025,000	-
Bond Premiums	-	-	1,401,098	-
Bond Issuance Costs	-	-	(592,481)	-
Total Other Financing Sources (Uses)	-	-	56,833,617	-
Fund Balance July 1	35,584,166	66,691,381	48,057,315	91,278,591
Fund Balance June 30	<u>\$ 16,900,247</u>	<u>\$ 35,584,166</u>	<u>\$ 66,691,381</u>	<u>\$ 48,057,315</u>

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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Forecast Budget 2021-22
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ -	\$ -	\$ 26,468	\$ 65,045
Other Local Revenues	-	-	-	10,000
Total Revenues & Other Sources	-	-	26,468	75,045
Expenditures & Other Financing Uses:				
Site Improvements	-	-	-	849,997
Buildings and Additions	-	-	-	1,778,689
Furniture, Fixtures and Equipment	-	-	5,319,984	8,265,295
Other	-	-	-	787,795
Total Expenditures & Other Uses	-	-	5,319,984	11,681,776
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	(5,293,516)	(11,606,731)
Fund Balance July 1	-	-	5,293,516	16,900,247
Fund Balance June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,293,516</u>

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

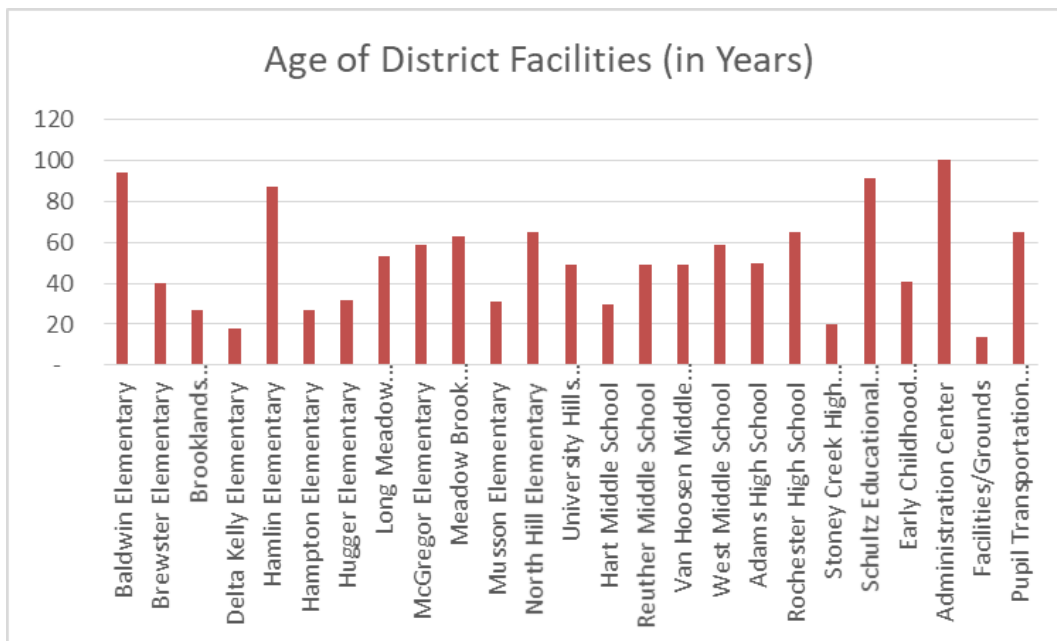
	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,071,000	\$ -	\$ -	\$ -
Interest on Investments	40,355	-	-	-
Total Revenues & Other Sources	8,111,355	-	-	-
Expenditures & Other Financing Uses:				
Site Improvements	993,428	-	-	-
Buildings and Additions	7,877,093	-	-	-
Furniture, Fixtures and Equipment	-	-	-	-
Other	243,177	-	-	-
Total Expenditures	9,113,698			
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,002,343)	-	-	-
Other Financing Sources (Uses)				
Transfers In	2,000,000			
Installment Loan Proceeds	3,000,000			
Installment Loan Principal	-	-	-	-
Interest on Installment Loan	-	-	-	-
Total Other Financing Sources (Uses)	5,000,000	-	-	-
Fund Balance July 1	-	-	-	-
Fund Balance June 30	<u>\$ 3,997,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	Budget 2024- 25	Budget 2023- 24	Budget 2022- 23	Budget 2021- 22
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$8,995,469	\$8,819,087	\$8,646,164	\$8,476,631
Interest on Investments	44,977	44,095	43,231	40,460
Total Revenues & Other Sources	9,040,446	8,863,182	8,689,395	8,517,091
Expenditures & Other Financing Uses:				
Site Improvements	719,638	705,527	691,693	482,000
Buildings and Additions	6,147,503	6,026,964	5,908,789	6,441,000
Furniture, Fixtures and Equipment	1,439,275	1,411,054	1,383,386	1,500,000
Other	629,683	617,336	605,231	1,367,000
Total Expenditures	8,936,099	8,760,881	8,589,099	9,790,000
Excess (deficiency) of Revenues Over (Under) Expenditures	104,347	102,301	100,296	(1,272,909)
Other Financing Sources (Uses)				
Transfers In				
Installment Loan Proceeds				
Installment Loan Principal	-	-	-	(586,400)
Interest on Installment Loan	-	-	-	(37,200)
Total Other Financing Sources (Uses)	-	-	-	(623,600)
Fund Balance July 1	2,303,745	2,201,444	2,101,148	3,997,657
Fund Balance June 30	<u>\$ 2,408,092</u>	<u>\$ 2,303,745</u>	<u>\$ 2,201,444</u>	<u>\$ 2,101,148</u>

The following chart illustrates the age of district buildings:





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

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

<u>Location</u>	<u>Final Budget 2020-21</u>	<u>Actual 2019-20</u>	<u>Actual 2018-19</u>	<u>Actual 2017-18</u>
Adams High School	\$ 3,028,906	\$ 678,617	\$ 4,457,630	7,930,641
Rochester High School	159,431	323,390	303,198	9,337,172
Stoney Creek High School	7,809,308	4,899,276	1,278,877	206,552
Schultz Educational Center	-	117,020	2,733,840	6,465,552
Hart Middle School	831,759	2,980,722	4,890,350	627,629
Reuther Middle School	910,006	584,489	222,821	108,749
Van Hoosen Middle School	1,199,677	777,466	213,319	149,834
West Middle School	352,921	42,389	162,744	2,722,113
Baldwin Elementary	119,036	21,511	89,841	3,408,348
Brewster Elementary	2,127,031	6,125,645	3,554,053	26,065
Brooklands Elementary	239,092	159,929	2,712,312	354,623
Delta Kelly Elementary	197,637	1,732,435	547,817	23,548
Hamlin Elementary	396,093	42,807	76,234	4,365,046
Hampton Elementary	309,199	309,932	5,006,698	1,100,843
Hugger Elementary	87,575	89,134	61,325	3,160,667
Long Meadow Elementary	307,092	167,861	1,092,253	321,639
McGregor Elementary	223,750	138,828	1,006,620	229,067
Meadow Brook Elementary	1,110,446	1,028,738	389,237	22,249
Musson Elementary	160,411	60,437	75,987	3,165,213
North Hill Elementary	197,342	1,894,158	2,107,712	71,980
University Hills Elementary	4,055,619	6,986,061	1,841,266	23,405
Caring Steps Children's Center	709,027	3,619	2,777,195	327,276
Facilities & Grounds	-	361,411	1,007,670	-
Transportation	-	4,474,817	2,443,499	99,800
Total	<u>\$ 24,531,358</u>	<u>\$ 34,000,692</u>	<u>\$ 39,052,498</u>	<u>\$ 44,248,011</u>

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

<u>Location</u>	<u>Forecast Budget 2024-25</u>	<u>Forecast Budget 2023-24</u>	<u>Forecast Budget 2022-23</u>	<u>Budget 2021-22</u>
Adams High School	\$ 47,445	\$ 112,000	\$ 3,920,333	\$ 2,916,242
Rochester High School	746,350	250,000	1,873,667	2,098,888
Stoney Creek High School	938,874	250,000	2,723,333	2,130,113
Schultz Educational Center	47,445	7,000	9,000	31,750
Hart Middle School	467,487	24,000	99,800	566,720
Reuther Middle School	76,069	2,680,000	77,000	378,669
Van Hoosen Middle School	57,092	2,659,000	86,500	187,029
West Middle School	605,866	21,000	80,800	382,364
Baldwin Elementary	334,088	18,769	524,769	705,199
Brewster Elementary	111,707	18,769	50,769	264,989
Brooklands Elementary	707,531	194,769	58,769	177,411
Delta Kelly Elementary	1,773,451	18,769	75,769	638,946
Hamlin Elementary	453,308	18,769	92,769	324,979
Hampton Elementary	110,917	45,769	151,769	224,001
Hugger Elementary	96,683	29,269	101,769	348,812
Long Meadow Elementary	429,981	616,153	72,769	456,019
McGregor Elementary	121,196	72,769	676,769	116,807
Meadow Brook Elementary	382,932	9,769	35,769	428,400
Musson Elementary	232,533	21,769	79,769	277,463
North Hill Elementary	112,498	21,769	61,219	394,171
University Hills Elementary	178,920	161,769	38,769	681,862
Caring Steps Children's Center	761,393	4,000	25,000	869,471
Facilities & Grounds	47,445	5,000	50,000	216,544
Transportation	47,445	-	75,000	177,959
Total	<u>\$ 8,936,101</u>	<u>\$ 8,760,881</u>	<u>\$ 13,909,083</u>	<u>\$ 21,471,774</u>

### Long-Range Capital Improvement Plan

The District is in the process of developing a long-range capital improvement plan for its facilities, as well as capital equipment such as buses, computer

infrastructure, copiers, and maintenance and grounds equipment. Experts have been engaged to analyze the current state of air handling equipment, roofs, parking lot surfaces, electrical and plumbing systems, flooring, and other finishes.

#### Special revenue Funds

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

The District began a new early learning program at the start of the 2018-19 school year to better serve the needs of families and to improve its capture rate of students entering kindergarten. The program will be housed in a facility designed for up to 170 early learners aged 0-6 years. The Early Learning program is conducted on a stand-alone platform and will be self-supported with tuition revenue when enrollment reaches 80% of capacity on a consistent basis. Revenue projections are based on area market tuition rates and student enrollment equal to 90% of classroom capacity in 2019-20, and 95% in 2020-21 and beyond.

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

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

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

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

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

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

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues				
Local	\$ 1,136,783	\$ 2,443,090	\$ 3,879,533	\$ 3,893,725
Tuition	721,689	681,401	433,688	-
Food Sales	13,318	1,553,683	2,261,895	2,272,448
State	85,308	121,682	120,646	108,192
Federal	2,234,705	1,422,216	1,035,362	1,042,077
Total Revenues	4,191,803	6,222,072	7,731,124	7,316,442
Expenditures				
Instruction				
Basic Programs	142,906	251,923	217,979	-
Support Services				
Instructional Support	178,196	190,580	185,981	-
Operations & Maintenance	182,574	169,528	151,394	2,014
Central Support	2,500	3,670	26,481	-
Support Services - Other	2,174,293	2,877,535	3,130,950	3,110,782
Building Improvements	464,500	522,251	365,694	3,747
Community Services	1,852,383	2,813,857	4,133,644	3,795,623
Total Expenditures	4,997,352	6,829,344	8,212,123	6,912,166
Other Financing Sources				
Proceeds from Sale of Assets		195		
Interfund Transfers	282,577	397,705	311,436	2,912
	282,577	397,900	311,436	2,912
Excess (deficiency) of Revenues Over (Under) Expenditures	(522,972)	(209,372)	(169,563)	407,188
Fund Balance July 1	2,886,885	3,096,257	3,265,820	2,858,632
Fund Balance June 30	\$ 2,363,913	\$ 2,886,885	\$ 3,096,257	\$ 3,265,820

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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
Revenues				
Local	\$ 2,640,110	\$ 2,564,204	\$ 2,490,489	\$ 2,441,656
Tuition	1,645,168	1,523,304	1,353,410	1,186,847
Food Sales	1,133,597	1,100,580	1,068,524	1,037,402
State	103,000	103,000	103,000	103,000
Federal	2,855,125	2,855,125	2,855,125	2,855,125
Total Revenues	8,377,000	8,146,213	7,870,548	7,624,030
Expenditures				
Instruction				
Basic Programs	268,932	249,011	230,694	212,519
Support Services				
Instructional Support	198,179	190,557	186,820	183,223
Operations & Maintenance	203,003	195,872	192,031	188,756
Central Support	2,652	2,550	2,500	2,500
Support Services - Other	3,873,468	3,797,518	3,723,057	3,650,056
Building Improvements	180,000	200,000	250,000	350,000
Community Services	3,381,703	3,276,226	3,172,873	3,098,302
Total Expenditures	8,107,937	7,911,734	7,757,975	7,685,356
Other Financing Sources				
Proceeds from Sale of Assets				
Interfund Transfers	5,464	5,305	12,509	121,937
	5,464	5,305	12,509	121,937
Excess (deficiency) of Revenues Over (Under) Expenditures	274,527	239,784	125,082	60,611
Fund Balance July 1	2,789,390	2,549,606	2,424,524	2,363,913
Fund Balance June 30	\$ 3,063,917	\$ 2,789,390	\$ 2,549,606	\$ 2,424,524

### *Book Store Fund*

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

	Final Budget 2020-21	Actual		
		2019-20	2018-19	2017-18
Revenues				
Bookstore Sales	\$ 42,000	\$ 99,434	\$ 105,208	\$ 83,695
Total Revenue	42,000	99,434	105,208	83,695
Expenditures				
Community Services	59,795	103,766	99,229	77,048
Total Expenditures	59,795	103,766	99,229	77,048
Excess (deficiency) of Revenues Over (Under) Expenditures	(17,795)	(4,332)	5,979	6,647
Fund Balance July 1	76,776	81,108	75,129	68,482
Fund Balance June 30	\$ 58,981	\$ 76,776	\$ 81,108	\$ 75,129

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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
<b>Revenues</b>				
Bookstore Sales	\$ 103,998	\$ 101,959	\$ 99,960	\$ 98,000
Total Revenue	<u>103,998</u>	<u>101,959</u>	<u>99,960</u>	<u>98,000</u>
<b>Expenditures</b>				
Community Services	98,798	96,861	94,962	98,000
Total Expenditures	<u>98,798</u>	<u>96,861</u>	<u>94,962</u>	<u>98,000</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	5,200	5,098	4,998	-
Fund Balance July 1	69,077	63,979	58,981	58,981
Fund Balance June 30	<u>\$ 74,277</u>	<u>\$ 69,077</u>	<u>\$ 63,979</u>	<u>\$ 58,981</u>

### *Food Service Fund*

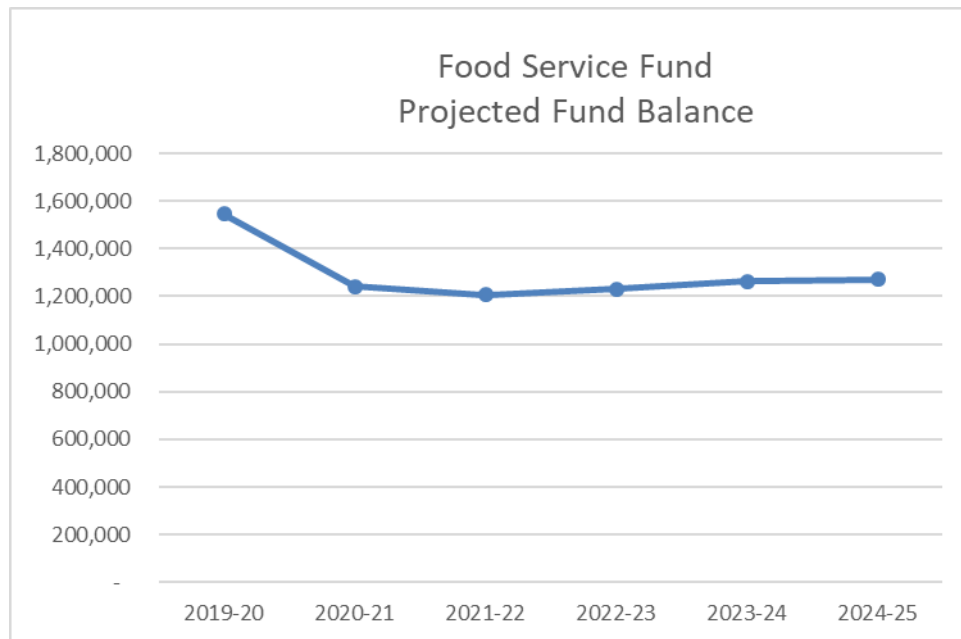
Food service revenue and non-staff expenditures are expected to increase at the rate of inflation. Net profits are used to maintain and improve food service operations.

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

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19*	Actual 2017-18
<b>Revenues</b>				
Food Sales	\$ 13,318	\$ 1,553,683	\$ 2,261,895	\$ 2,272,448
State	85,308	121,682	120,646	108,192
Federal	2,234,705	1,422,216	1,035,362	1,042,077
Total Revenues	<u>2,333,331</u>	<u>3,097,581</u>	<u>3,417,903</u>	<u>3,422,717</u>
<b>Expenditures</b>				
Support Services				
Operations & Maintenance	3,025	1,824	1,809	2,014
Support Services - Other	2,174,293	2,877,535	3,130,950	3,110,782
Building Improvements	464,500	522,251	365,694	3,747
Total Expenditures	<u>2,641,818</u>	<u>3,401,610</u>	<u>3,498,453</u>	<u>3,116,543</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of Assets	-	195	4,216	-
Interfund Transfers	2,912	4,822	2,764	2,912
Total Other Financing Sources	<u>2,912</u>	<u>5,017</u>	<u>6,980</u>	<u>2,912</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(305,575)	(299,012)	(73,570)	309,086
Fund Balance July 1	1,546,437	1,845,449	1,919,019	1,609,933
Fund Balance June 30	<u>\$ 1,240,862</u>	<u>\$ 1,546,437</u>	<u>\$ 1,845,449</u>	<u>\$ 1,919,019</u>

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

	Forecast Budget 2024- 25	Forecast Budget 2023- 24	Forecast Budget 2022- 23	Budget 2021- 22
Revenues				
Food Sales	\$ 1,133,597	\$ 1,100,580	\$ 1,068,524	\$ 1,037,402
State	103,000	103,000	103,000	103,000
Federal	2,855,125	2,855,125	2,855,125	2,855,125
Total Revenues	4,091,722	4,058,705	4,026,649	3,995,527
Expenditures				
Support Services				
Operations & Maintenance	35,903	35,199	34,509	33,832
Support Services - Other	3,873,468	3,797,518	3,723,057	3,650,056
Building Improvements	180,000	200,000	250,000	350,000
Total Expenditures	4,089,371	4,032,717	4,007,566	4,033,888
Other Financing Sources				
Proceeds from Sale of Assets	-	-	-	-
Interfund Transfers	5,464	5,305	5,150	5,000
Total Other Financing Sources	5,464	5,305	5,150	5,000
Excess (deficiency) of Revenues Over (Under) Expenditures	7,815	31,293	24,233	(33,361)
Fund Balance July 1	1,263,027	1,231,734	1,207,501	1,240,862
Fund Balance June 30	<u>\$ 1,270,842</u>	<u>\$ 1,263,027</u>	<u>\$ 1,231,734</u>	<u>\$ 1,207,501</u>



The global pandemic that began in early 2020 necessitated that the District pivot from its normal USDA National School Lunch and Breakfast food service program to a Summer Food Service Program (SFSP). Under the SFSP, every child up to the age of 18 (up to 26 if special needs) is eligible to receive free breakfast and lunch meals. The District began preparing and distributing meals to children from each of its sites in late March, 2020. All ala carte sales

were suspended with the State-mandated school shutdown. The suspension of ala carte sales had a negative impact on food service revenue. The District expects to continue the SFSP through June 2022.

#### *Early Learning Center*

The District began operating an early learning center in the fall of 2018. Forecasted revenue levels are based on expected enrollment for 2020, 2021, and 2022 at capacity rates of 85%, 90%, and 100% respectively. Projected expenditures include staffing at levels that meet regulatory requirements at each age level.

In response to the global pandemic that began in early 2020, the State of Michigan suspended all child care services except to children of workers considered to be "essential" (health care workers, grocery stores, first responders). The District analyzed and adapted its child care services business model to accommodate the childcare needs of essential workers and applied for special State licensing for its learning center site. It is unknown at this time the full economic impact of the global pandemic early learning center operations.

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

	Final Budget 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18
Revenues				
Tuition	\$ 625,041	\$ 681,401	\$ 423,058	\$ -
Other Local Sources	554	-	10,630	-
State	96,094	-	-	-
Total Revenues	721,689	681,401	433,688	-
Expenditures				
Instruction				
Basic Programs	142,906	251,923	217,979	-
Support Services				
Instructional Support	178,196	190,580	185,981	-
Operations & Maintenance	179,549	167,704	149,585	-
Central Support	2,500	3,670	26,481	-
Community Services	498,203	460,407	158,118	-
Total Expenditures	1,001,354	1,074,284	738,144	-
Other Financing Sources				
Interfund Transfers	279,665	392,883	304,456	-
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance July 1	-	-	-	-
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -



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

	Forecast Budget 2024- 25	Forecast Budget 2023- 24	Forecast Budget 2022- 23	Budget 2021- 22
Revenues				
Tuition	\$ 1,645,168	\$ 1,523,304	\$ 1,353,410	\$ 1,186,847
Other Local Sources	-	-	-	-
State	-	-	-	-
Total Revenues	1,645,168	1,523,304	1,353,410	1,186,847
		108%	113%	114%
Expenditures				
Instruction				
Basic Programs	268,932	249,011	230,694	212,519
Support Services				
Instructional Support	198,179	190,557	186,820	183,223
Operations & Maintenance	167,100	160,673	157,522	154,924
Central Support	2,652	2,550	2,500	2,500
Community Services	848,481	815,847	783,233	750,618
Total Expenditures	1,485,344	1,418,638	1,360,769	1,303,784
Other Financing Sources				
Interfund Transfers	-	-	7,359	116,937
Excess (deficiency) of Revenues Over (Under) Expenditures	159,824	104,666	-	-
Fund Balance July 1	104,666	-	-	-
Fund Balance June 30	\$ 264,490	\$ 104,666	\$ -	\$ -

### *Student/School Activity*

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

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

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

	Final Budget 2020-21	Fiduciary Fund Actual		
		2019-20	2018-19	2017-18
Revenues				
Local	\$ 1,094,783	\$ 2,343,656	\$ 3,774,325	\$ 3,810,030
Total Revenues	1,094,783	2,343,656	3,774,325	3,810,030
Community Services	1,294,385	2,249,684	3,876,297	3,718,575
Total Expenditures	1,294,385	2,249,684	3,876,297	3,718,575
Other Financing Sources (Uses)				
Interfund Transfers	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	(199,602)	93,972	(101,972)	91,455
Fund Balance July 1	1,263,672	1,169,700	1,271,672	1,180,217
Fund Balance June 30	<u>\$ 1,064,070</u>	<u>\$ 1,263,672</u>	<u>\$ 1,169,700</u>	<u>\$ 1,271,672</u>

Fiduciary Fund actual data restated for comparison purposes only.

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

	Forecast Budget 2024-25	Forecast Budget 2023-24	Forecast Budget 2022-23	Budget 2021-22
Revenues				
Local	\$ 2,536,112	\$ 2,462,245	\$ 2,390,529	\$ 2,343,656
Total Revenues	2,536,112	2,462,245	2,390,529	2,343,656
Community Services	2,434,424	2,363,518	2,294,678	2,249,684
Total Expenditures	2,434,424	2,363,518	2,294,678	2,249,684
Other Financing Sources (Uses)				
Interfund Transfers	-	-	-	-
Excess (deficiency) of Revenues Over (Under) Expenditures	101,688	98,727	95,851	93,972
Fund Balance July 1	1,352,620	1,253,893	1,158,042	1,064,070
Fund Balance June 30	<u>\$ 1,454,308</u>	<u>\$ 1,352,620</u>	<u>\$ 1,253,893</u>	<u>\$ 1,158,042</u>

### Classification of Fund Balance History

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

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

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

#### Funding of Future Goals and Objectives

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

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

Orchestra Program Implementation Cost Estimate					
	Middle School			High School	
	Actual		2020-21	Projected	
	2018-19	2019-20		2021-22	2022-23
Equipment, Instruments, and Sheet Music	\$ 147,972	\$ 152,563	\$ 9,151	\$ 165,279	\$ 52,910
Teacher salaries and benefits (3.0 FTE)	89,717	327,265	190,499	199,298	208,330
Teacher festival stipend	3,105	3,105	3,105	3,105	3,105
MSBOA membership fees	1,500	1,500	1,500	1,500	1,500
Festival Entry Fees	1,440	1,440	1,440	1,440	1,440
Transportation to/from festivals	2,500	2,500	2,500	2,500	2,500
Total estimated program cost	<u>\$ 246,234</u>	<u>\$ 488,373</u>	<u>\$ 208,195</u>	<u>\$ 373,122</u>	<u>\$ 269,785</u>

#### Post-employment Benefits

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

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

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended,

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

In addition to the state retirement system, the District established an Early Retirement Incentive plan payable for a limited time to a specific group of retiring employees. The liability for this plan totaled \$314,380 at June 30, 2020. Following is a schedule of the early retirement incentive liability:

Year Ended June 30,	Amount Due
2022	88,920
2023	46,820
2024	26,880
2025	16,600
2026	14,400
2027	1,200
	<u>\$ 194,820</u>

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# Rochester Community Schools Informational Section



## Property Tax Values-Assessed and Estimated

Fiscal Year		Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2024-25	* Non-homestead	\$ 1,180,077,770	\$ 2,360,155,540	\$ 90,950,763	\$ 181,901,526
	Homestead	1,180,077,770	2,360,155,540	90,950,763	181,901,526
	Total	2,360,155,540	4,720,311,080	181,901,526	363,803,052
2023-24	* Non-homestead	\$ 1,156,938,990	\$ 2,313,877,980	\$ 89,167,415	\$ 178,334,830
	Homestead	1,156,938,990	2,313,877,980	89,167,415	178,334,830
	Total	2,313,877,980	4,627,755,960	178,334,830	356,669,660
2022-23	* Non-homestead	\$ 1,134,253,912	\$ 2,268,507,824	\$ 87,419,034	\$ 174,838,068
	Homestead	4,510,981,239	9,021,962,478	-	-
	Total	5,645,235,151	11,290,470,302	87,419,034	174,838,068
2021-22	* Non-homestead	\$ 1,112,013,639	\$ 2,224,027,278	\$ 85,704,935	\$ 171,409,870
	Homestead	4,422,530,626	8,845,061,252	-	-
	Total	5,534,544,265	11,069,088,530	85,704,935	171,409,870
2020-21	** Non-homestead	\$ 1,090,209,450	\$ 2,180,418,900	\$ 84,024,446	\$ 168,048,892
	Homestead	4,335,814,339	8,671,628,678	-	-
	Total	5,426,023,789	10,852,047,578	84,024,446	168,048,892
2019-20	** Non-homestead	\$ 1,112,235,888	\$ 2,224,471,776	\$ 80,948,393	\$ 161,896,786
	Homestead	4,142,389,196	8,284,778,392	-	-
	Total	5,254,625,084	10,509,250,168	80,948,393	161,896,786
2018-19	** Non-homestead	\$ 979,278,379	\$ 1,958,556,758	\$ 79,361,170	\$ 158,722,340
	Homestead	3,985,508,076	7,971,016,152	-	-
	Total	4,964,786,455	9,929,572,910	79,361,170	158,722,340
2017-18	** Non-homestead	\$ 976,003,850	\$ 1,952,007,700	\$ 82,298,115	\$ 164,596,230
	Homestead	3,685,648,070	7,371,296,140	-	-
	Total	4,661,651,920	9,323,303,840	82,298,115	164,596,230

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

	Operating Mills*	Debt Mills	Sinking Fund**	Total Mills
2021-22	18.0000	1.6400	1.4732	19.6400
2020-21	18.0000	3.4800	1.4874	21.4800
2019-20	18.0000	5.3000	-	23.3000
2018-19	18.0000	6.0100	-	24.0100
2017-18	18.0000	6.0000	-	24.0000

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

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

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

### Property Tax Levies and Collections

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
2021-22*	\$ 20,629,994	N/A	N/A	N/A	N/A	N/A
2020-21	19,693,536	18,825,789	95.59%	\$ 698,048	\$ 19,523,837	100.00%
2019-20	19,389,011	\$ 18,677,868	96.33%	\$ 736,560	\$ 19,414,428	100.00%
2018-19	18,952,720	18,024,586	95.10%	928,134	18,952,720	100.00%
2017-18	17,643,526	16,934,096	95.98%	709,430	17,643,526	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

	2020-21	2020-21	2019-20	2018-19	2017-18	2016-17
Median Market Value of a Home (1)	\$ 335,506	\$ 355,023	\$ 324,611	\$ 254,900	\$ 249,902	\$ 246,874
State Equalized Value (SEV) (2)	167,753	177,512	162,306	127,450	124,951	123,437
Taxable Value (3)	167,753	177,512	162,306	127,450	124,951	123,437
State Education Property Tax (4)	1,007	1,065	974	765	750	741
Debt Retirement (4)	291	618	860	766	750	728
Sinking Fund (4)	261	264	-	-	-	-
Property Tax Paid to Schools (4)	1,559	1,947	1,834	1,531	1,500	1,469
Increase(decrease) from prior year	(388)	113	303	31	31	(1)

(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	6.00
Debt Retirement Fund	1.64	3.48	5.30	6.01	6.00	5.90
Sinking Fund	1.47	1.49	-	-	-	-

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

### Enrollment

Enrollment is important to the financial health of the District because state funding is based on a per-pupil formula. Enrollment estimates are based on projections obtained from third party forecasters and the District's enrollment office. Third party forecasters use the *Cohort Survival Method* of forecasting enrollment growth. While the forecasting of future events is an uncertain



process, school district enrollment forecasting has a stable characteristic that makes it possible to forecast data with reasonable accuracy. The base projection is accomplished by moving the number of students in each grade (students already in school) to the next higher grade each year. This is described as “cohort survival.”

Uncertainties in the cohort survival rate include migration and kindergarten enrollment. Migration (the influx or outflow of students) can be the result of changes in the number of households in a district or a different student population within the existing households. Enrollment forecasters typically use a historical average to project migration ratios. A weighted average was used in the District’s migration projections to provide a larger weight to the most recent data. This weighted average calculation has proven to be more reliable where changes occur in the migration over time. When calculated individually for each grade transition, a forecast more sensitive to change is obtained.

Future kindergarten enrollments were developed through a technique of projecting averages and trends from recent kindergarten enrollments. While kindergarten enrollment is commonly forecasted by looking at regional (county-wide) birth numbers five years prior to the enrollment date, substantial errors occur in the enrollment forecasting of districts with large or unstable migration, or where individual schools have significantly different trends. The following table illustrates actual October enrollment counts through September 2020, and projected enrollment through 2025 using the cohort survival method.



# Fall Student Enrollment

			Actual*		
	2016	2017	2018	2019	2020
Elementary Schools:					
Kindergarten	1,025	1,004	1,019	1,216	1,010
1st Grade	1,013	1,093	1,041	1,163	1,039
2nd Grade	1,039	1,039	1,118	1,169	1,032
3rd Grade	1,030	1,082	1,056	1,262	1,068
4th Grade	1,111	1,080	1,102	1,195	1,136
5th Grade	1,110	1,137	1,093	1,208	1,068
Total	6,328	6,435	6,429	7,213	6,353
Middle Schools:					
6th Grade	1,126	1,137	1,154	1,237	1,103
7th Grade	1,167	1,177	1,151	1,307	1,109
8th Grade	1,171	1,183	1,197	1,302	1,165
Total	3,464	3,497	3,502	3,846	3,377
High Schools:					
9th Grade	1,220	1,207	1,213	1,264	1,205
10th Grade	1,243	1,211	1,214	1,227	1,213
11th Grade	1,184	1,260	1,227	1,212	1,217
12th Grade	1,245	1,216	1,297	1,271	1,208
Total	4,892	4,894	4,951	4,974	4,843
Alternative Education	14	40	60	40	7
Special Education	419	437	437	372	411
Grand Total	15,117	15,303	15,379	16,445	14,991

\*Source: District records

# Fall Student Enrollment

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

\*\*Assumes flat enrollment through 2025

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

Building	Grade Level	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021
ACE High School	9-12	66	57	60	44	-
Adams High School	9-12	1,598	1,571	1,598	1,164	1,556
Rochester High School	9-12	1,608	1,641	1,702	1,284	1,702
Stoney Creek High Sch	9-12	1,598	1,632	1,611	1,172	1,599
Hart Middle School	6-8	1,118	1,126	1,112	1,479	1,064
Reuther Middle School	6-8	714	700	696	925	639
Van Hoosen Middle Sch	6-8	865	895	875	1,172	866
West Middle School	6-8	859	853	834	1,108	805
Baldwin Elementary	K-5	559	564	567	588	555
Brewster Elementary	K-5	408	402	404	405	383
Brooklands Elementary	K-5	489	481	499	521	509
Delta Kelly Elementary	K-5	556	595	609	631	620
Hamlin Elementary	K-5	388	428	427	460	454
Hampton Elementary	K-5	443	492	528	564	518
Hugger Elementary	K-5	545	543	541	550	501
Long Meadow Element	K-5	580	591	568	583	557
McGregor Elementary	K-5	466	468	438	436	448
Meadow Brook Elemer	K-5	425	428	431	454	403
Musson Elementary	K-5	497	512	506	490	487
North Hill Elementary	K-5	552	529	490	505	459
University Hills Element	K-5	477	472	447	441	449
Total		<u>14,811</u>	<u>14,980</u>	<u>14,943</u>	<u>14,976</u>	<u>14,574</u>

Source: district records

Note: ACE High School enrollment reflected in home high schools

### Personnel Resources

Actual and projected personnel resources are as follows:

#### Personnel Resource Allocations Full-Time Equivalent (FTE)

Position	Actual*			
	2017-18	2018-19	2019-20	2020-21
Teachers	901	902	909	902
Administrators	32	33	35	33
Secretaries	90	92	80	92
Maintenance/Grounds/Technicians	42	37	32	37
Paraprofessionals	274	272	277	272
Executive Staff/Directors	10	11	12	11
Total FTE	<u>1,349</u>	<u>1,347</u>	<u>1,345</u>	<u>1,347</u>

\*Source: district records

Personnel Resource Allocations  
Full-Time Equivalent (FTE)

Position	Projected**			
	2021-22	2022-23	2023-24	2024-25
Teachers	904	905	905	905
Administrators	33	33	33	33
Secretaries	92	92	92	92
Maintenance/Grounds/Technicians	37	37	37	37
Paraprofessionals	272	272	272	272
Executive Staff/Directors	11	11	11	11
Total FTE	1,349	1,350	1,350	1,350

\*\*Based on projected student enrollment

### Outstanding Bond Issues and Amortization

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

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

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

Detail Schedule of Bonded Indebtedness  
June 30, 2021

Debt Retirement Fund 2016 Building & Site	Date of Issue	Amount of Issue	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
	2/16/2016	\$ 108,725,000					
				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>\$ 73,675,000</u>	<u>\$ 32,182,250</u>	<u>\$ 105,857,250</u>

Detail Schedule of Bonded Indebtedness  
June 30, 2021

Debt Retirement Fund 2016 Building & Site Series II	Date of Issue	Amount of Issue			
	5/25/2019	<u>\$ 56,025,000</u>			
	Interest Rate	Date of Final Maturity	Amount of Annual Maturity	Fiscal Year Interest Requirements	Total
		11/1/21		\$ 784,009	\$ 784,009
	3.000%	5/1/22	\$ 2,150,000	784,009	2,934,009
		11/1/22		751,759	751,759
	3.000%	5/1/23	2,225,000	751,759	2,976,759
		11/1/23		718,384	718,384
	3.000%	5/1/24	2,300,000	718,384	3,018,384
		11/1/24		683,884	683,884
	3.000%	5/1/25	2,400,000	683,884	3,083,884
		11/21/25		647,884	647,884
	3.000%	5/1/26	2,505,000	647,884	3,152,884
		11/1/26		610,309	610,309
	3.000%	5/1/27	2,585,000	610,309	3,195,309
		11/1/27		571,534	571,534
	3.000%	5/1/28	2,670,000	571,534	3,241,534
		11/1/28		531,484	531,484
	3.000%	5/1/29	2,745,000	531,484	3,276,484
		11/1/29		490,309	490,309
	3.000%	5/1/30	2,830,000	490,309	3,320,309
		11/1/30		447,859	447,859
	3.000%	5/1/31	2,915,000	447,859	3,362,859
		11/1/31		404,134	404,134
	3.000%	5/1/32	3,000,000	404,134	3,404,134
		11/1/32		359,134	359,134
	3.000%	5/1/33	3,090,000	359,134	3,449,134
		11/1/33		312,784	312,784
	3.000%	5/1/34	3,180,000	312,784	3,492,784
		11/1/34		265,084	265,084
	3.000%	5/1/35	3,275,000	265,084	3,540,084
		11/1/35		215,959	215,959
	3.000%	5/1/36	3,370,000	215,959	3,585,959
		11/1/36		165,409	165,409
	3.000%	5/1/37	3,470,000	165,409	3,635,409
		11/1/37		113,359	113,359
	3.125%	5/1/38	3,575,000	113,359	3,688,359
		11/1/38		57,500	57,500
	3.125%	5/1/39	3,680,000	57,500	3,737,500
			<u>\$ 51,965,000</u>	<u>\$ 16,261,556</u>	<u>\$ 68,226,556</u>

### Performance Measures

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

### Graduation, Dropout, and Attendance Rates

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

	<u>2019-20*</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
4 Year Graduation Rate	96.75%	96.45%	96.81%	96.00%	96.00%
Attendance Rate	96.11%	95.82%	95.97%	96.51%	96.61%
Drop Out Rate	1.75%	1.74%	1.36%	2.00%	1.00%

Source: MI School Data [www.mischooldata.org](http://www.mischooldata.org) (Four year graduation rate)

\*Most current data available

### Free or Reduced Meal Rates

#### FOOD SERVICE STATISTICS & TRENDS JUNE 30, 2021

	2020-21	March 21, 2020 - June 30, 2020 2019-20*	July 1, 2019 - March 21, 2020 2019-20*	2018-19	2017-18
School Lunch Program:					
Total Lunches Served	425,269	104,327	366,107	645,142	659,619
Free Lunches Served	425,042	104,327	79,273	148,564	152,453
% of Free Lunches Total	100%	100%	22%	23%	23%
Reduced Price Lunches Served	-	-	10,756	17,470	20,355
% of Reduced Lunches Total	0%	0%	3%	3%	3%
Paid Lunches Served	-	-	276,078	479,108	486,811
% of Paid Lunches Total	0%	0%	75%	74%	74%
Total Enrollment (October)	14,991	16,445	16,445	15,375	15,303
School Breakfast Program:					
Total Breakfasts Served	148,168	104,456	43,990	65,587	72,355
Free Breakfasts Served	148,168	104,456	28,082	41,996	45,769
% of Free Breakfasts Total	100%	100%	64%	64%	63%
Reduced Price Breakfasts Served	-	-	2,813	3,553	4,330
% of Reduced Breakfasts Total	0%	0%	6%	5%	6%
Paid Breakfasts Served	-	-	13,095	20,038	22,256
% of Paid Breakfasts Total	0%	0%	30%	31%	31%

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

\*Note: The Governor of the State of Michigan closed schools on March 16, 2020 in response to the global COVID-19 pandemic. The USDA granted a



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

#### *Educator Effectiveness*

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

In order to tie student growth on state assessments to specific educators, students must be linked to courses and teachers through the TSDL. The TSDL is a data collection submitted to Center for Educational Performance and Information (CEPI) by schools and districts on an annual basis. The TSDL completion rate target is 95.00%. This means that at least 95.00% of a school or district's enrolled students are included in the TSDL collection. For the 2016-17 school year the District scored full marks receiving four out of a possible four points.

#### Student Achievement

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

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

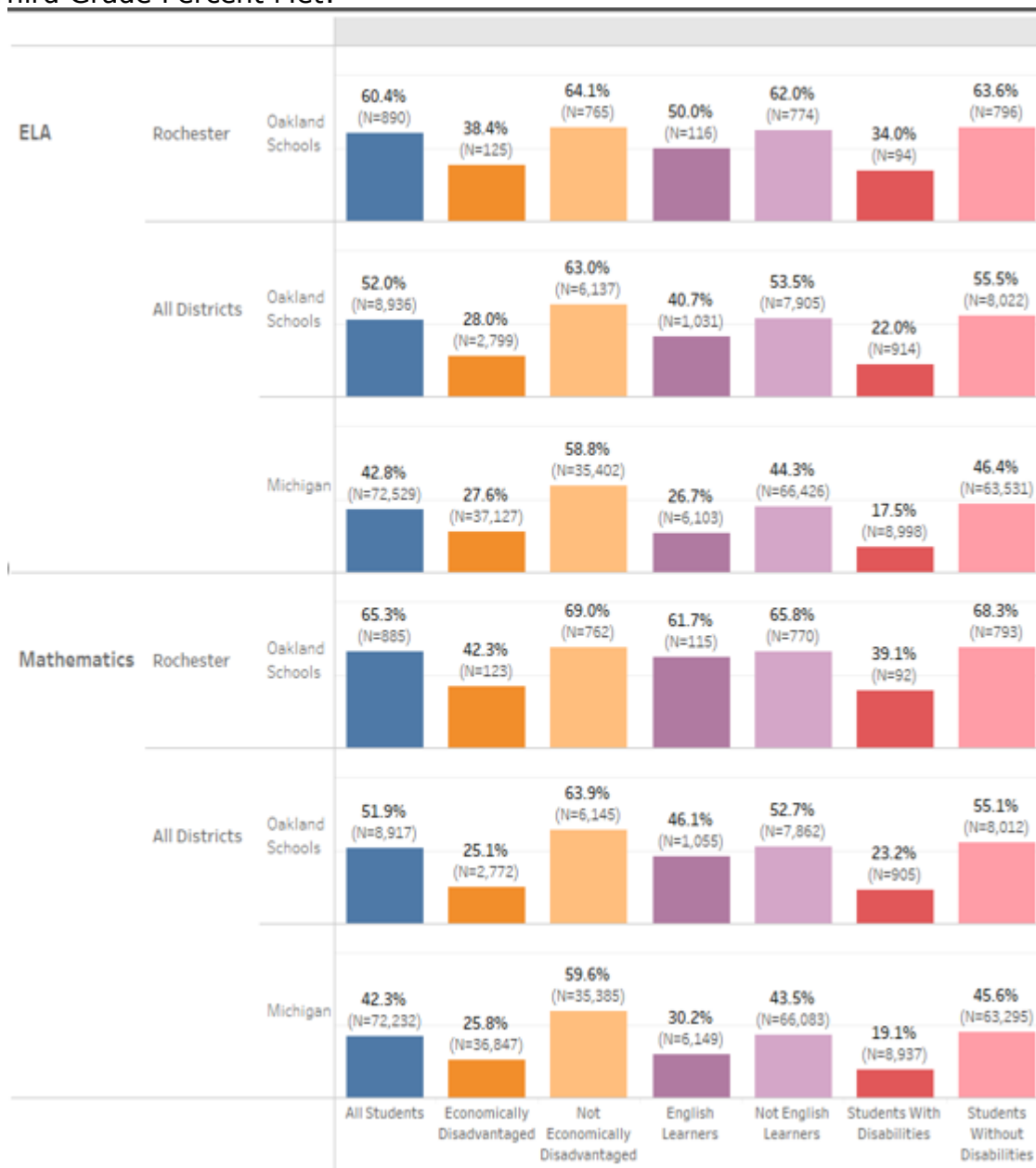
Data shows that Rochester Community Schools' students consistently score higher on the M-STEP assessments than both the county and state averages. Additionally, Rochester students often score higher than peer districts and rank in the top three schools on the PSAT and SAT.

### Comparison of District Results to Other Oakland County Districts

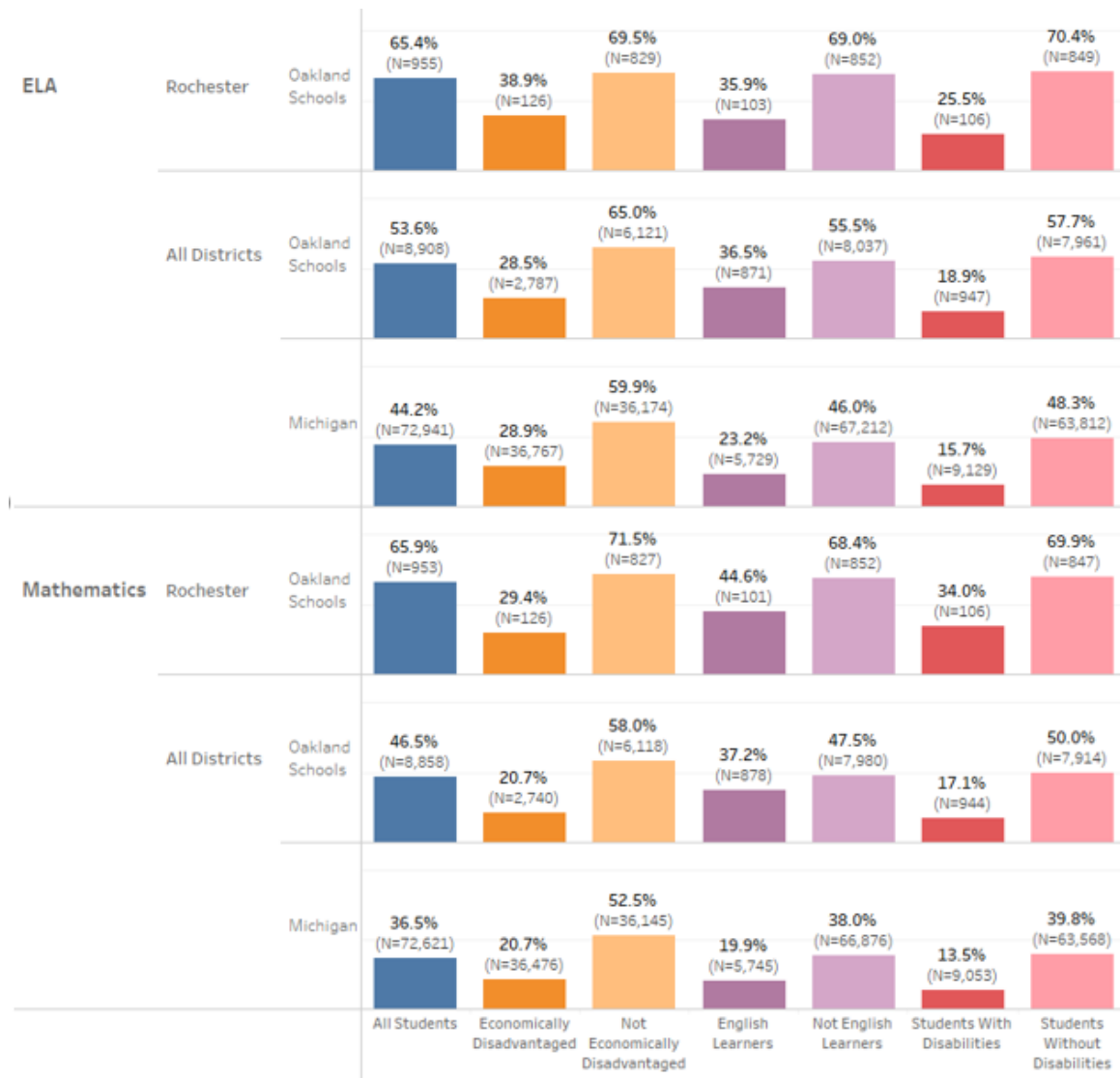
State assessments were not administered to students during the 2019-20 school year. In 2020-21, the state of Michigan required districts to offer students the opportunity to take the state assessments; however, remote-only students were not required to participate. As a result, 32% fewer Oakland County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

The following chart illustrates District student M-STEP 2020-21 assessment results, by grade, compared to other Oakland County districts for selected sub-groups:

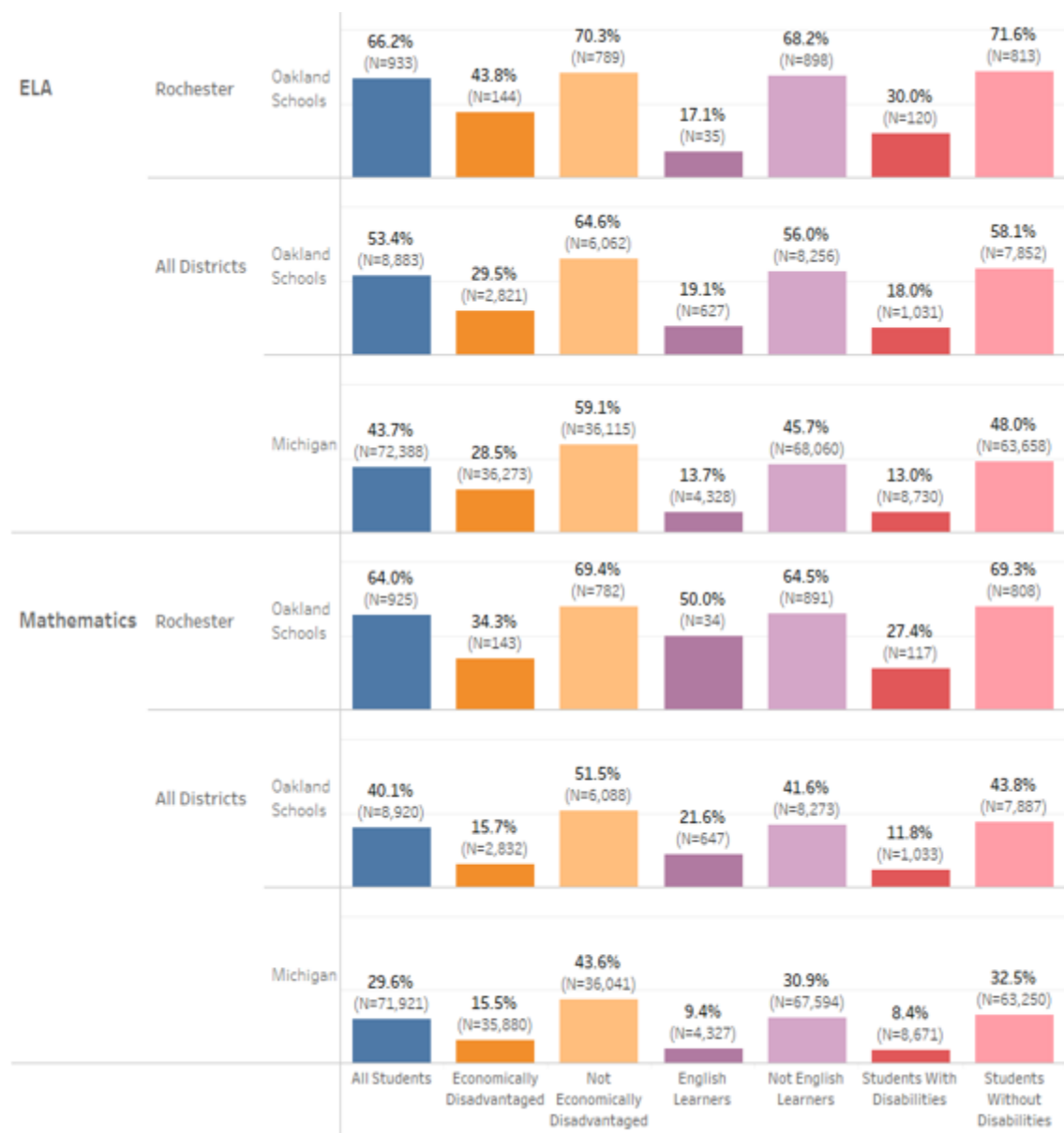
#### Third Grade Percent Met:



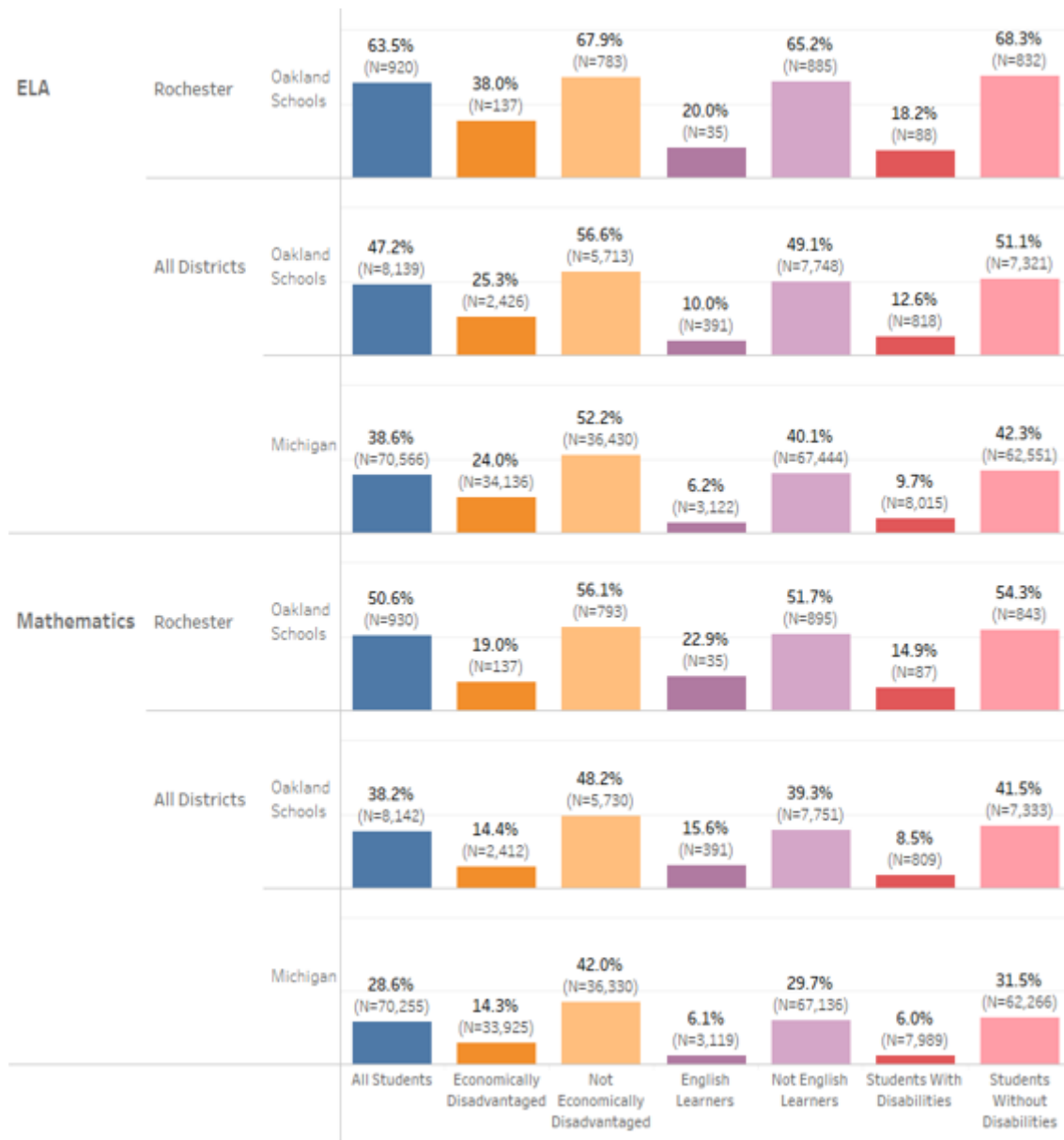
## Fourth Grade Percent Met



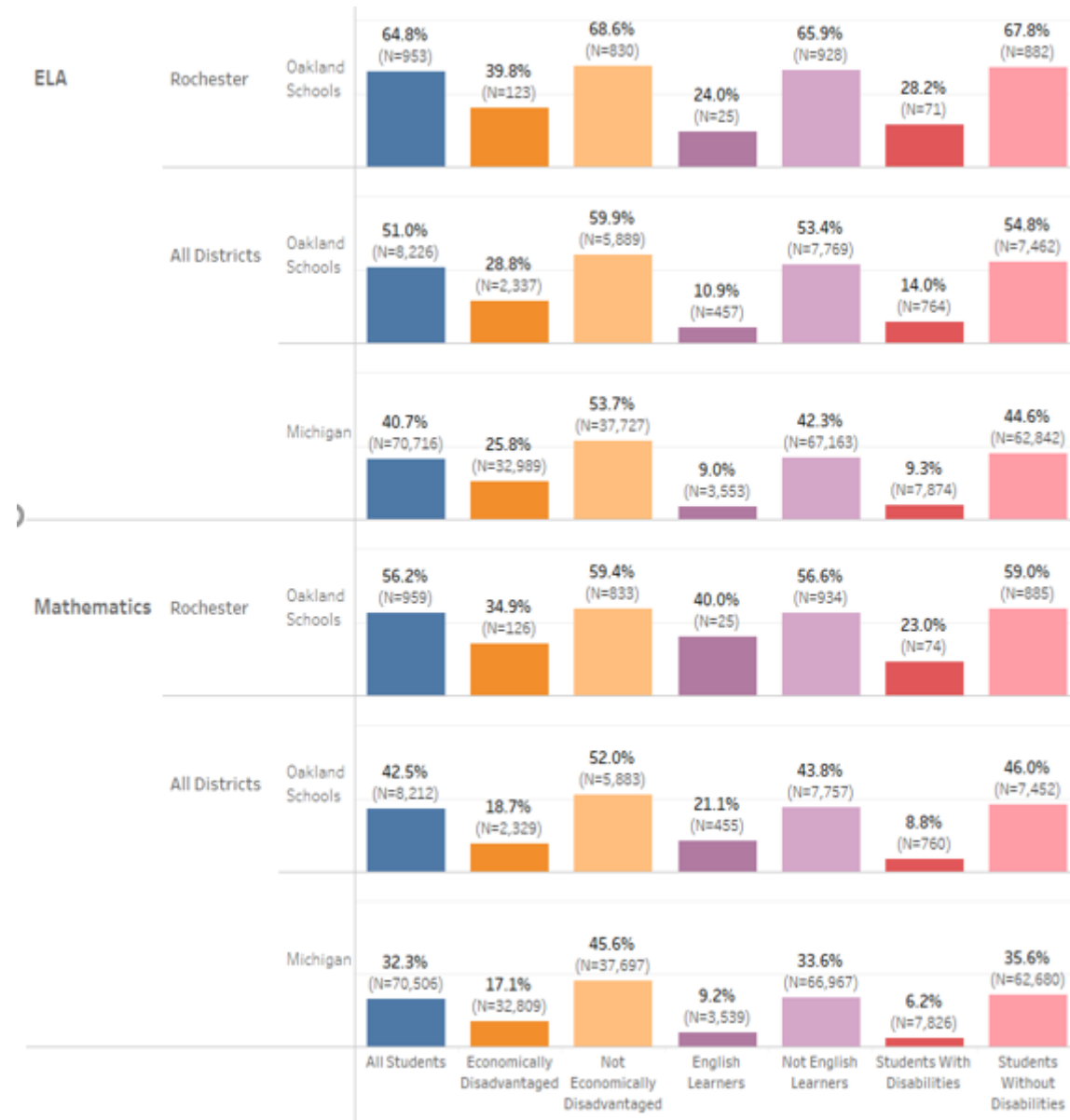
## Fifth Grade Percent Met



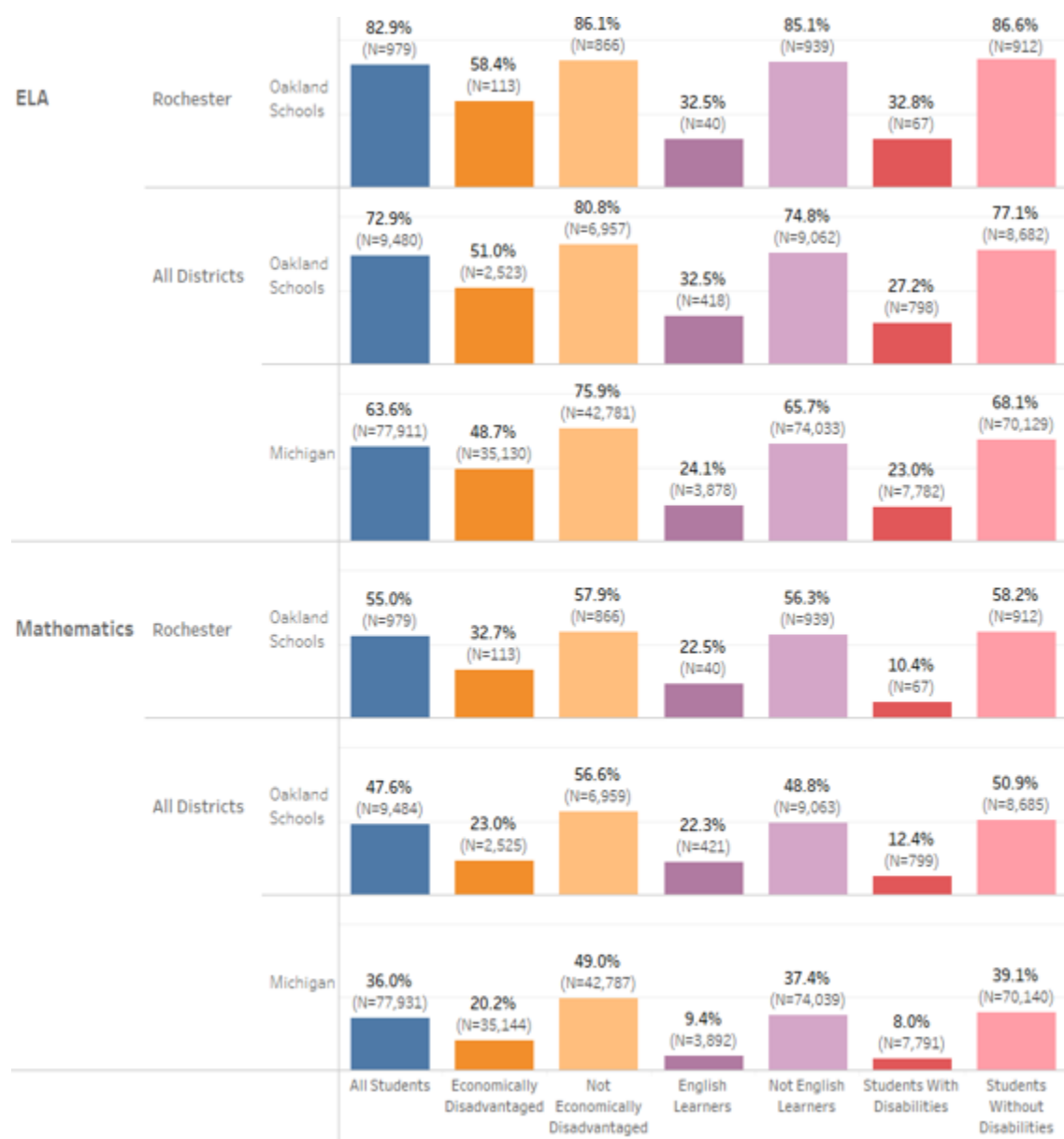
## Sixth Grade Percent Met



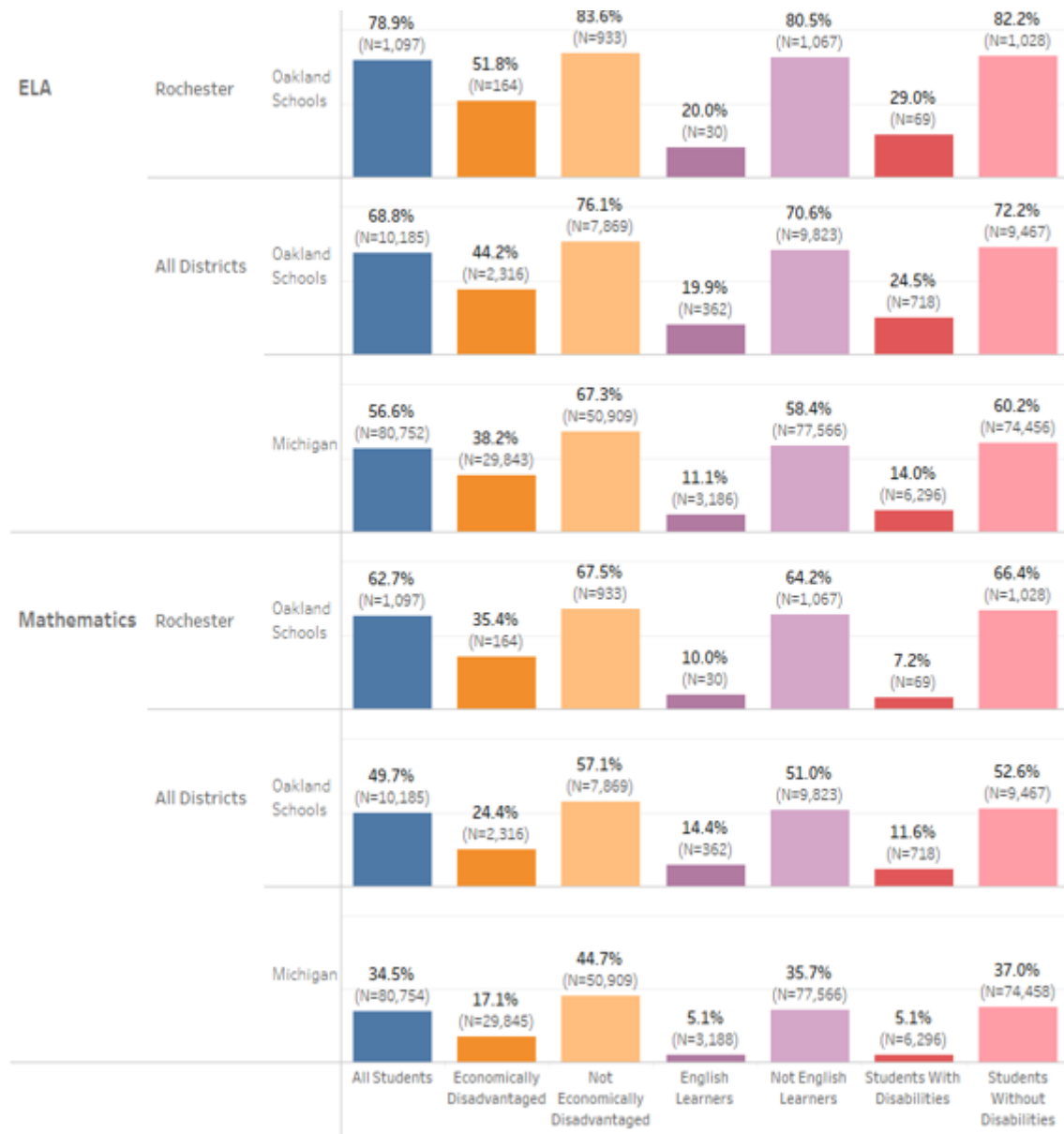
## Seventh Grade Percent Met



## Eighth Grade Percent Met



## Eleventh Grade Percent Met



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

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

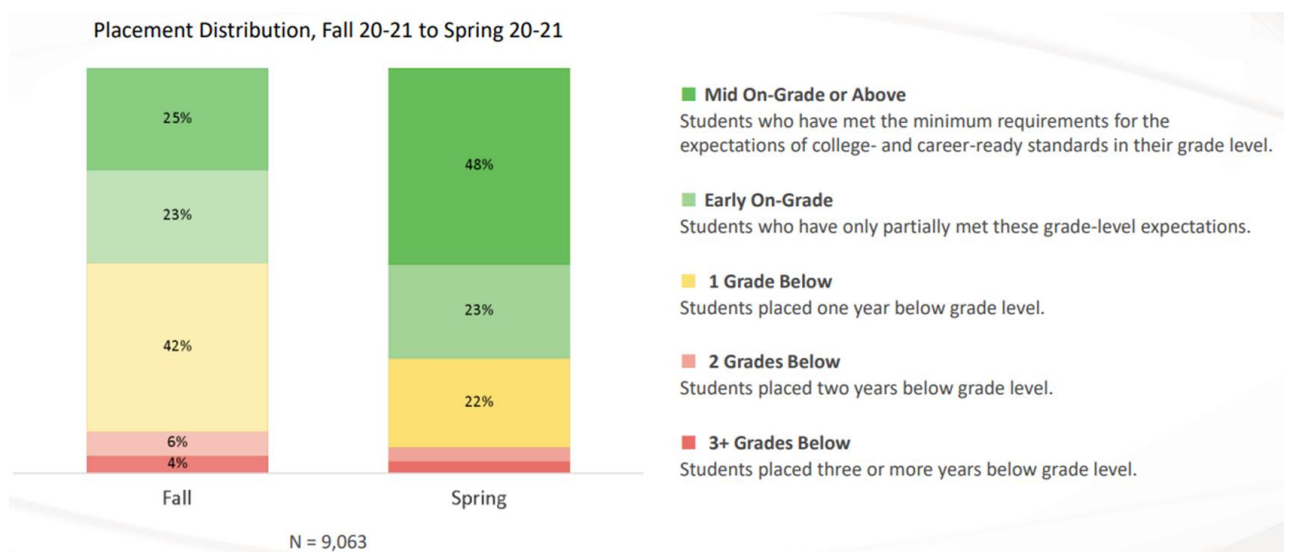
Rochester's i-Ready Benchmark & Diagnostic Assessments enable the district to conduct a deeper diagnostic with sub scores to achieve school improvement goals through a multi-tiered system of support to meet



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

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

The following chart illustrate District fall 2020 and spring 2021 comparison diagnostic results:



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

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

## Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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 retirement on installment loans is an example of this.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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