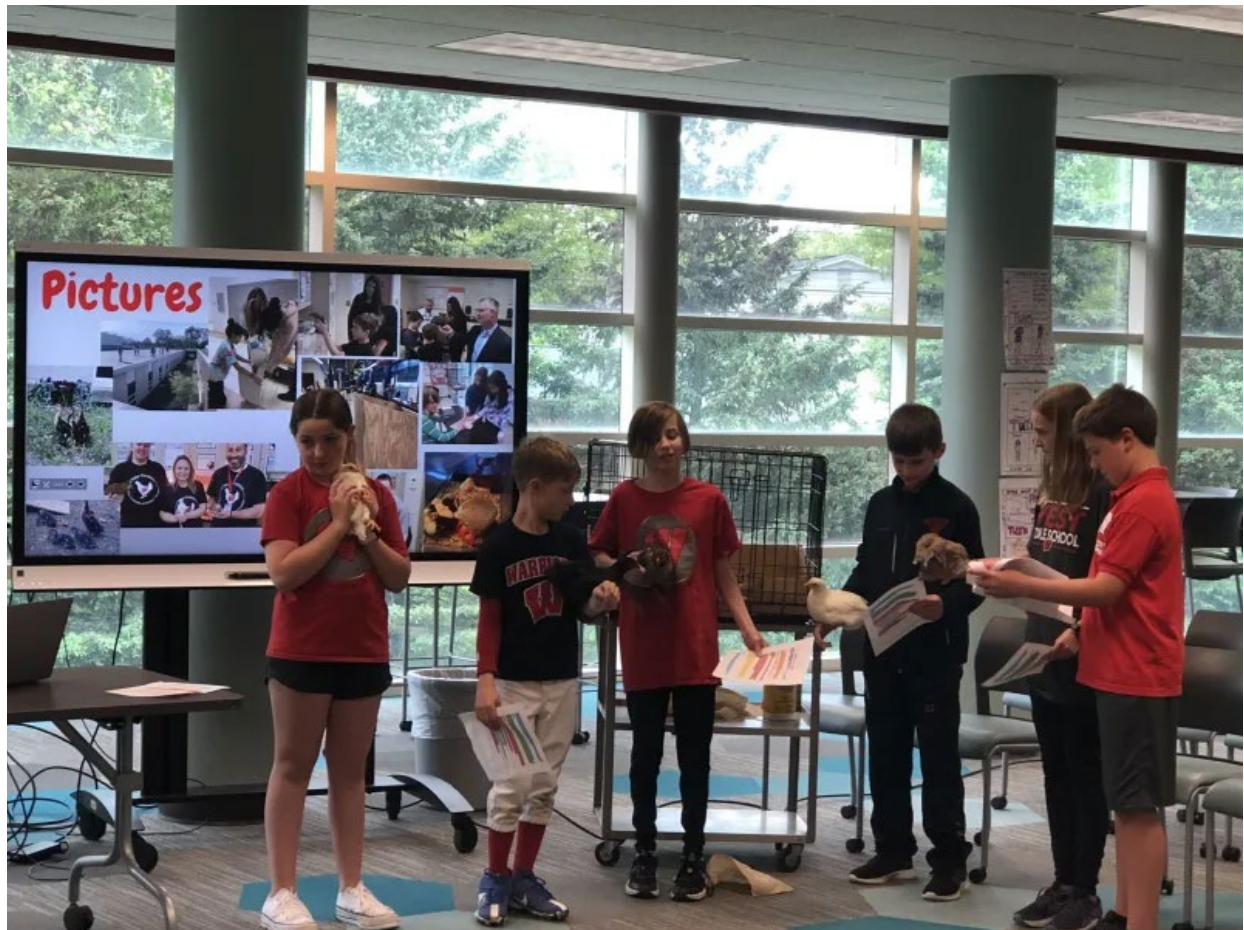


# ROCHESTER COMMUNITY SCHOOLS

## Annual Budget For the Fiscal Year Ended June 30, 2024



52585 Dequindre Road  
Rochester, MI 48307  
USA  
[www.rochester.k12.mi.us](http://www.rochester.k12.mi.us)

# Proposed 2023-24 Budget Rochester Community Schools

All photographs used in the production of this document have been used with the express parental/guardian permission.

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# Rochester Community Schools Executive Summary



ROCHESTER COMMUNITY SCHOOLS  
52585 DEQUINDRE ROAD  
ROCHESTER, MICHIGAN 48307



## Board of Education



### **Michelle Bueltel, President**

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, Vice President**

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



### **Kristin Bull, Treasurer**

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



### **Jessica Gupta, Secretary**

Jessica is a licensed clinical social worker and mental health practitioner. She and her husband, Shishir, are 11-year residents of Rochester and parents of a 2020 Rochester High School graduate. In appointing Jessica, Board members cited her longtime involvement with RCS, including her leadership in FIRST Robotics districtwide, and her professional background in mental health.  
Term 2028



### **Carol Beth Litkouhi, Trustee**

Carol Beth earned a Bachelor's degree in music education and flute performance from Hope College and a Master's degree in teaching in reading and language arts from Oakland University. She currently leads a children's choir and provides private lessons. She grew up in Rochester and attended Rochester Community Schools. Carol Beth, along with her husband and two children remain Rochester residents.  
Term 2028



### **Andrew Weaver, Trustee**

Andrew earned a Bachelor's degree from Western Michigan University in political science with a minor in history and a Master's degree from Kettering University in lean manufacturing. He is currently a business planner with General Motors. Andrew and his wife have been residents in the greater Rochester area since 2014. Together, they have three children.  
Term 2024



### **Dr. Julie Alspach, Trustee**

Julie earned a Doctoral degree in educational leadership, an Education Specialist degree in educational organization, and a Master's degree in special education from Oakland University. She holds a Bachelor's degree from Eastern Michigan University and an educational certification in elementary, secondary (English), administration, and special education. Julie is the Executive Director of Virtual Learning for Detroit Public Schools. She grew up in the Rochester area and is a graduate of Rochester Community Schools. Julie along with her husband remain a resident.  
Term 2026

Executive Administration

Superintendent  
Robert Shaner, Ph.D.

Deputy Superintendent for Teaching and Learning  
Debi Fragomeni

Assistant Superintendent of Business Operations  
Matthew McDaniel, CPA

Assistant Superintendent of Human Resource  
Dave Murphy

Assistant Superintendent of Early Childhood and Elementary Education  
Cory Heitsch

Assistant Superintendent of Special Populations, Diversity, Equity and  
Inclusion  
Concetta Lewis

Executive Director of Secondary Education  
Neil Deluca, Ed.D.

Executive Director of Strategic Communications  
Lori Grein

Executive Director of Technology and Strategic Initiatives  
Cindy Lindner

Executive Administrator for Office of the Superintendent  
Christina Whitmore

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June 19, 2023

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

This document contains the fiscal year 2023-24 recommended budgets for adoption and a final revision of the budget for fiscal year 2022-23. 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 2023-24:

2023-24 BUDGET CALENDAR				
Superintendent & Assistant Supt. Of Business Operations	Superintendent's Cabinet	Superintendent's Business & Operations Advisory Committee	<u>Board of Education</u>	
			Review	Adoption & Amendments
March 6, 2023	March 13, 2023	May 18, 2023	June 5, 2023	Adoption June 19, 2023
	March 20, 2023		*June TBD	Amendment November 2023 Regular Meeting
				Amendment June 2024 Special Meeting
Adopt 2024-25 Budget at June 2024 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 2023-24 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.

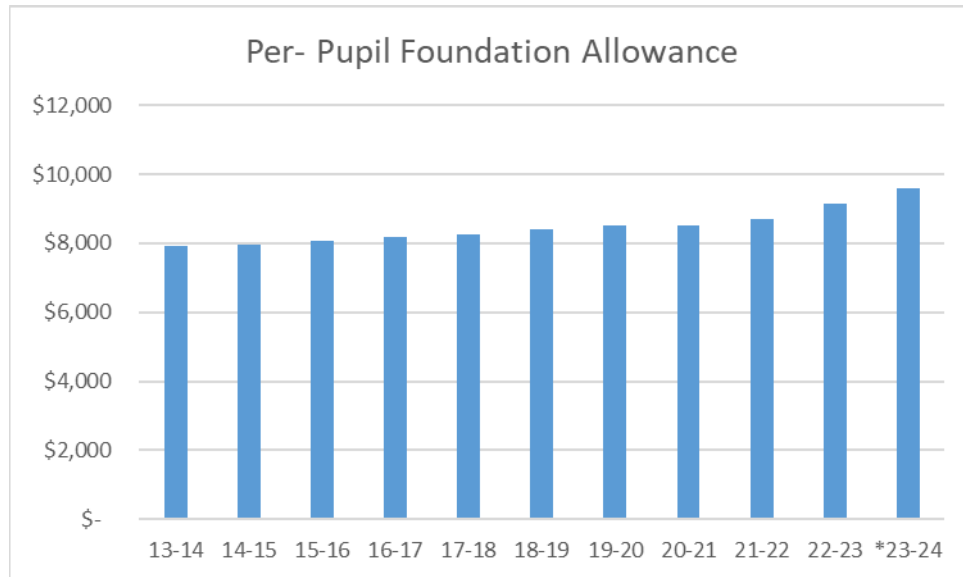
Though paused with the onset of the global pandemic of 2020, the District is in the process of expanding its world languages program to all grade levels, and as recently as 2019, trips to China, Costa Rica, and Germany have provided global experiences for middle and high school students and their teachers. 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 2023-24 adopted budget reflects the Board's commitment to its mission and objectives.

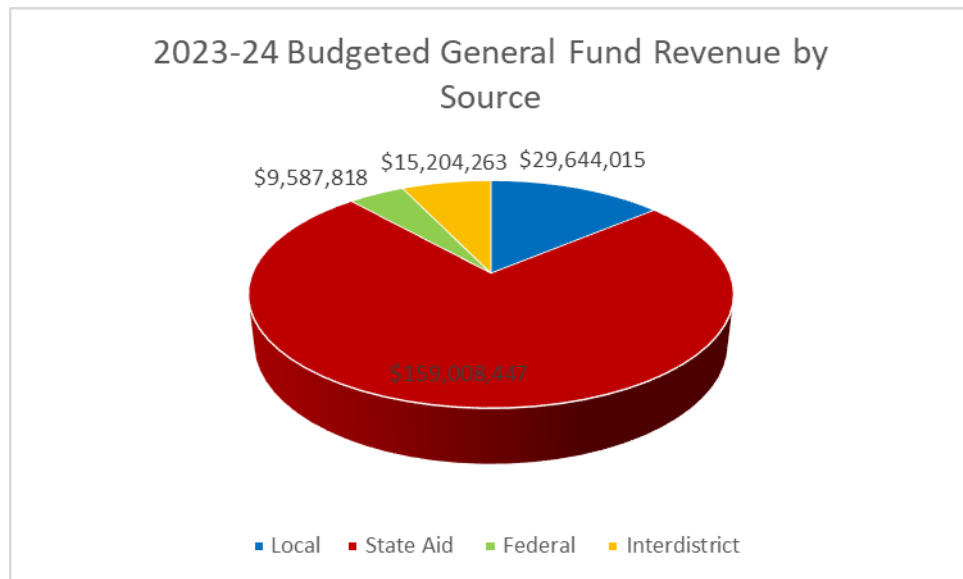
## Summary of Revenues – All Funds

### *General Fund*

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



General Fund 2023-24 budgeted revenue by source is illustrated as follows:



Over the past three years, the District has received substantial one-time federal funding on a reimbursement basis as a result of the 2020 global pandemic. The one-time funds received as a result of the global pandemic are expected to be expended by September 2024. During the 2021-22 fiscal year, Title I, Title IIA, Title III, Title IV, and Adult education funds did not



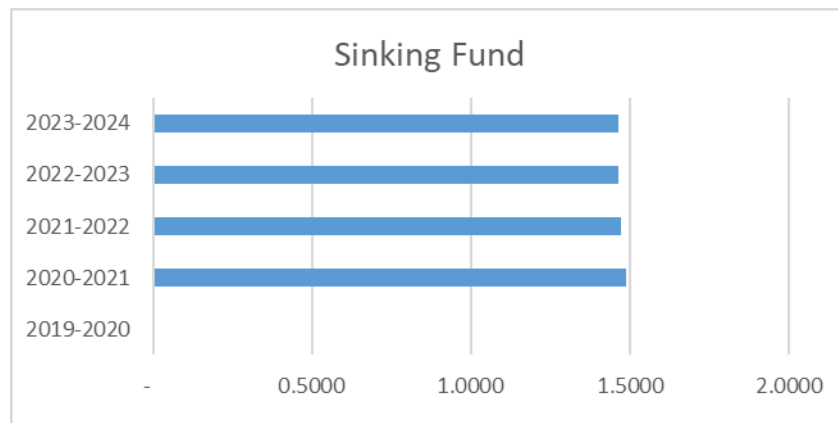
meet the receivable requirements and were recorded as part of the 2022-23 fiscal year. Federal funds by year are illustrated as follows:

	Budget 2023-24	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Federal sources					
Grants - restricted					
Special education - I.D.E.A.	\$ 4,042,100	\$ 4,098,781	\$3,194,022	\$3,274,409	\$3,283,834
COVID-19 Grants*	3,917,455	14,332,983	6,016,708	3,567,005	-
Title I	606,780	668,267	13,776	246,307	347,762
Medicaid Outreach	40,289	73,445	80,154	41,823	67,971
Title II A	260,151	468,539	45,565	157,795	296,946
Title III	317,918	364,186	14,187	214,882	135,933
Title IV	30,307	48,272	1,182	13,096	24,729
Adult education	158,628	246,782		169,512	170,413
Total revenues					
from federal sources	\$ 9,373,628	\$ 20,301,255	\$ 9,365,594	\$ 7,684,829	\$ 4,327,588

\*One-time funds

### *Capital Projects Funds*

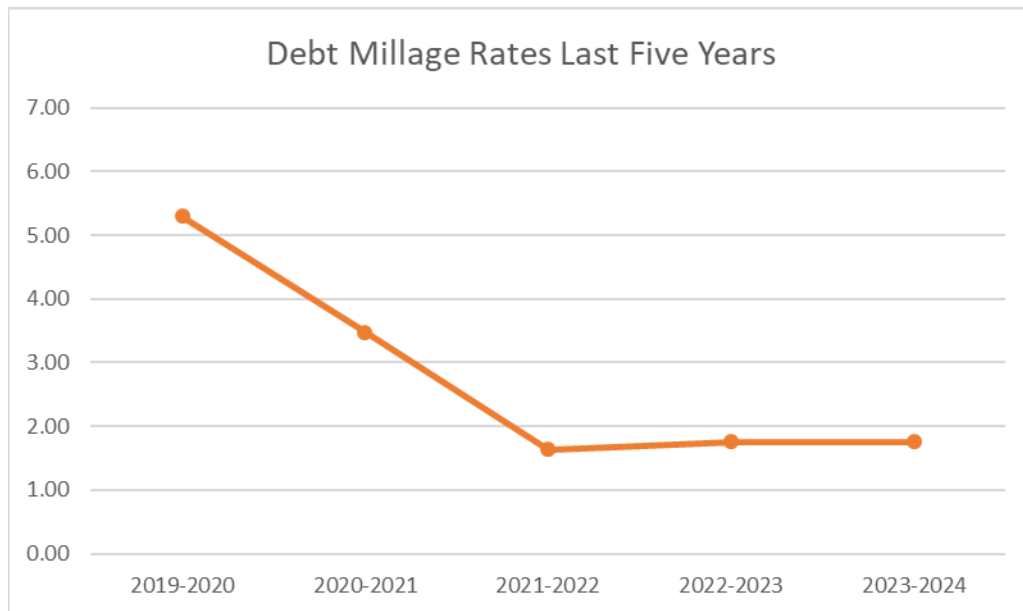
The Capital Projects Fund includes School Building and Site Bonds issued in February 2016 and March 2019 and a ten-year, 1.5 mill Sinking Fund that voters approved in November 2019. The bond proceeds will fund construction projects through 2023 and include the addition of security vestibules, replacement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



### *Debt retirement Fund*

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

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



#### *Special revenue Funds*

The Special revenue Funds include Book Store, Food Service, Early Learning, and Student/School Activity. The Book Store and Food Service Funds generate revenue from goods and food sales respectively; however, school meals were free in 2021-22. 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:

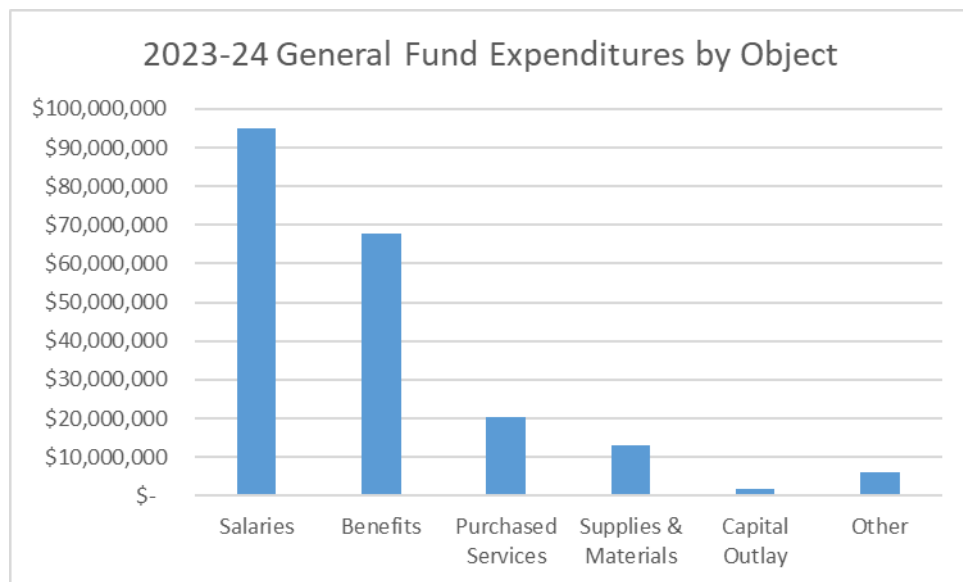
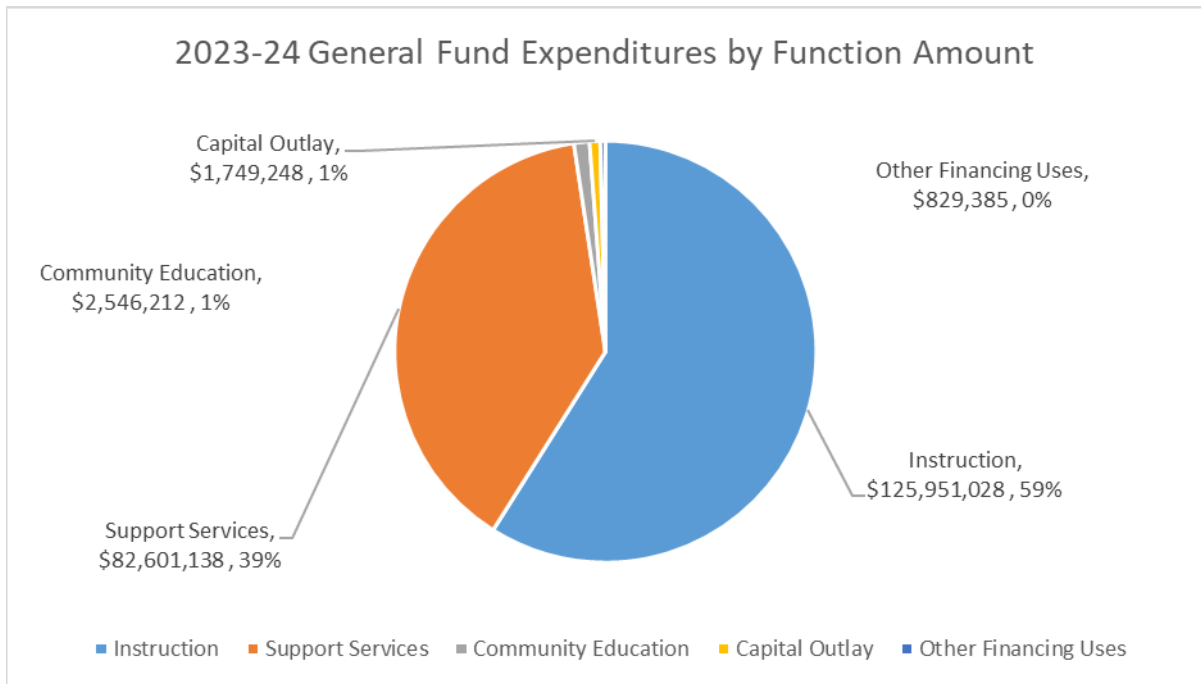
<u>Governmental Funds</u>	Budget 2023-24	Final Budget 2022-23	Actual 2021-22
General Fund			
Property Taxes	\$ 21,650,291	\$ 21,650,291	\$ 20,262,097
Other Local Sources	7,993,724	8,120,456	7,200,476
State	159,008,447	167,017,411	146,603,065
Federal	9,587,818	24,838,835	9,368,659
Interdistrict	15,204,163	13,852,842	12,420,191
Other Financing Sources	100	3,144	3,533
Total General Fund	213,444,543	235,482,979	195,858,021
Debt Retirement Fund			
Property Taxes	11,402,795	\$ 10,593,688	\$ 9,436,400
Interest Income	1,500	2,000	1,964
Total Debt Retirement	11,404,295	10,595,688	9,438,364
Capital Projects Funds			
Property Taxes	9,482,574	8,830,136	8,467,319
Interest Income	4,200	221,702	1,670
Other Local Sources	-	-	35,174
Total Debt Retirement	9,486,774	9,051,838	8,504,163
School Service Funds			
Local	3,429,596	3,449,596	3,204,954
Tuition	1,860,224	1,366,967	724,113
Food Sales	2,377,466	2,377,466	144,154
State	73,000	73,000	108,618
Federal	1,497,746	2,074,346	5,787,140
Total School Service	9,238,032	9,341,375	9,968,979
Total Revenue	<u>\$ 243,573,644</u>	<u>\$ 264,471,880</u>	<u>\$ 223,769,527</u>

#### Summary of Expenditures – All Funds

##### *General Fund*

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

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



### *Debt retirement Fund*

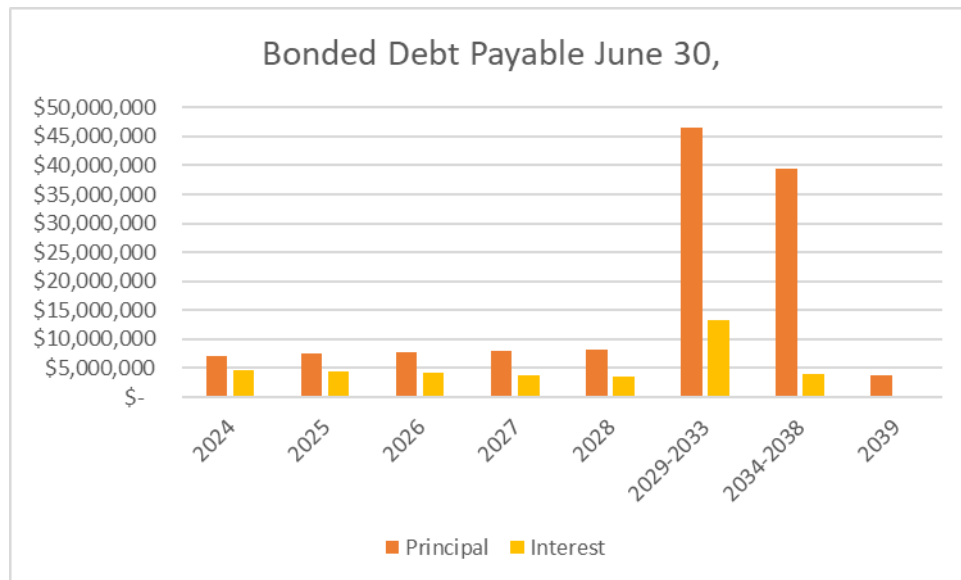
The two outstanding bond issues at June 30, 2023 are as follows:

\$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%. \$ 66,675,000

\$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%. 47,590,000

Total Bonds Payable \$ 114,265,000

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



### *Capital Projects Funds*

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

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

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

<u>Location</u>	<u>Forecast Budget 2026-27</u>	<u>Forecast Budget 2025-26</u>	<u>Forecast Budget 2024-25</u>	<u>Budget 2023-24</u>
Adams High School	\$ 60,000	\$ 2,140,000	\$ 60,000	\$ 2,200,177
Rochester High School	760,000	875,000	943,860	1,063,872
Stoney Creek High School	80,000	64,000	1,187,333	2,794,082
Schultz Educational Center	115,000	60,000	60,000	76,595
Hart Middle School	120,000	94,600	591,200	242,822
Reuther Middle School	110,000	321,300	96,200	266,485
Van Hoosen Middle School	64,000	355,700	72,200	715,691
West Middle School	2,983,383	194,893	766,200	198,341
Baldwin Elementary	225,769	72,769	422,500	976,915
Brewster Elementary	95,769	145,769	141,269	247,869
Brooklands Elementary	474,269	65,769	894,769	722,123
Delta Kelly Elementary	65,769	83,769	2,242,769	207,607
Hamlin Elementary	72,769	407,769	573,269	300,478
Hampton Elementary	65,769	803,769	140,269	782,508
Hugger Elementary	95,769	145,769	122,269	102,802
Long Meadow Elementary	1,369,769	314,769	543,769	177,075
McGregor Elementary	605,769	501,269	153,269	74,996
Meadow Brook Elementary	325,769	141,269	484,269	339,389
Musson Elementary	65,769	201,869	294,069	307,874
North Hill Elementary	305,769	735,269	142,269	97,531
University Hills Elementary	65,769	232,069	226,269	121,173
Caring Steps Children's Center	62,885	62,885	962,885	237,000
Administration Center/District	60,000	60,000	60,000	893,305
Facilities & Grounds	60,000	60,000	60,000	19,766
Transportation	60,000	60,000	60,000	12,288
Total	<u>\$ 8,369,765</u>	<u>\$ 8,200,275</u>	<u>\$ 11,300,906</u>	<u>\$ 13,178,764</u>

### *Special revenue Funds*

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

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

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

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

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

Governmental Funds

	2023-24 Budget	2022-23 Final Budget	2021-22 Actual	% Change
<b>General Fund</b>				
Salaries	\$ 94,966,923	\$ 101,988,501	\$ 96,201,666	(0.01)
Benefits	67,623,468	82,904,983	64,777,714	0.04
Purchased Services	20,510,128	33,733,798	23,866,727	(0.16)
Supplies & Materials	13,039,438	10,449,754	7,525,581	0.42
Capital Outlay	1,739,443	3,989,559	546,175	0.69
Other	6,005,785	1,791,011	2,714,977	0.55
Total General Fund	203,885,185	234,857,606	195,632,840	0.04
<b>Debt Retirement Fund</b>				
Principal Payments	6,075,000	5,800,000	5,575,000	0.08
Interest & Fees	4,701,019	4,936,519	5,208,513	(0.11)
Total Debt Retirement Fund	10,776,019	10,736,519	10,783,513	(0.00)
<b>Capital Projects Funds</b>				
Capital Projects	13,178,764	15,983,548	13,018,505	0.01
Total Capital Projects Funds	13,178,764	15,983,548	13,018,505	
<b>Special Service Funds</b>				
Salaries	10,335	55,399	103,090	(8.97)
Benefits	5,460	32,685	57,713	(9.57)
Purchased Services	3,772,110	3,857,884	3,978,247	(0.05)
Supplies & Materials	2,233,428	1,934,198	1,944,852	0.13
Capital Outlay	1,334,931	1,158,017	523,873	0.61
Other	2,748,515	3,140,644	3,112,423	(0.13)
Total Special Service Funds	10,104,779	10,178,827	9,720,198	0.04
<b>Total All Funds</b>	<u>\$ 237,944,747</u>	<u>\$ 271,756,500</u>	<u>\$ 229,155,056</u>	0.04

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

	2023-24 Budget	2022-23 Final Budget	2021-22 Actual
Fund Balances			
General Fund	\$ 39,228,382	\$ 39,460,851	\$ 38,835,476
Debt Service	1,696,772	1,068,495	1,209,326
Capital Projects	1,813,996	5,505,986	12,437,697
School Service	3,187,636	4,045,088	4,902,539
Total	<u>\$ 45,926,786</u>	<u>\$ 50,080,420</u>	<u>\$ 57,385,038</u>

#### Significant Trends

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



### Financial and Demographic Changes

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

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

### Budget Forecasts

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

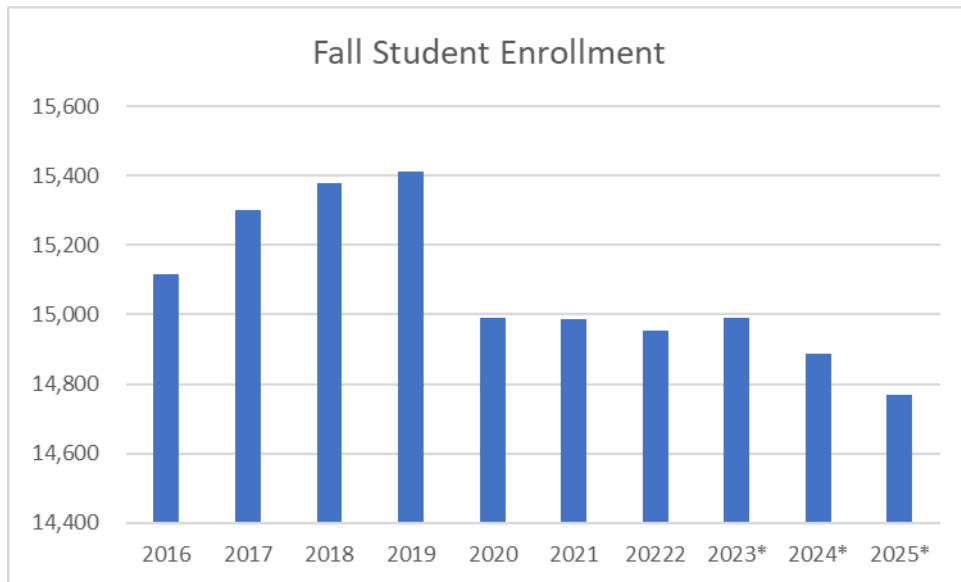
	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
<u>General Fund</u>				
Revenue	\$ 214,459,610	\$ 212,676,287	\$ 210,879,245	\$ 213,234,911
Expenditures	215,451,255	213,711,291	211,406,754	213,467,378
Change in fund balance	(991,645)	(1,035,004)	(527,509)	(232,467)
Fund balance - July 1	37,665,870	38,700,874	39,228,383	39,460,850
Fund balance - June 30	\$ 36,674,225	\$ 37,665,870	\$ 38,700,874	\$ 39,228,383
<u>Debt Retirement Fund</u>				
Revenue	\$ 10,916,550	\$ 10,023,821	\$ 10,836,534	\$ 11,404,295
Expenditures	11,133,769	10,546,118	10,793,268	10,776,019
Change in fund balance	(217,219)	(522,297)	43,266	628,276
Fund balance - July 1	1,217,740	1,740,037	1,696,771	1,068,495
Fund balance - June 30	\$ 1,000,521	\$ 1,217,740	\$ 1,740,037	\$ 1,696,771
<u>Capital Projects Fund</u>				
Revenue	\$ 10,088,702	\$ 9,882,976	\$ 9,681,295	\$ 9,486,774
Expenditures	8,369,765	8,200,275	8,034,115	13,178,763
Change in fund balance	1,718,937	1,682,701	1,647,180	(3,691,989)
Fund balance - July 1	5,143,877	3,461,176	1,813,996	5,505,985
Fund balance - June 30	\$ 6,862,814	\$ 5,143,877	\$ 3,461,176	\$ 1,813,996
<u>School Service Funds</u>				
	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Revenue	\$ 9,904,426	\$ 9,640,721	\$ 9,385,452	\$ 9,238,032
Expenditures	10,241,360	9,985,213	9,739,373	10,095,484
Change in fund balance	(336,934)	(344,492)	(353,921)	(857,452)
Fund balance - July 1	3,150,368	3,494,860	3,848,781	4,706,233
Fund balance - June 30	\$ 2,813,434	\$ 3,150,368	\$ 3,494,860	\$ 3,848,781

### Student Enrollment

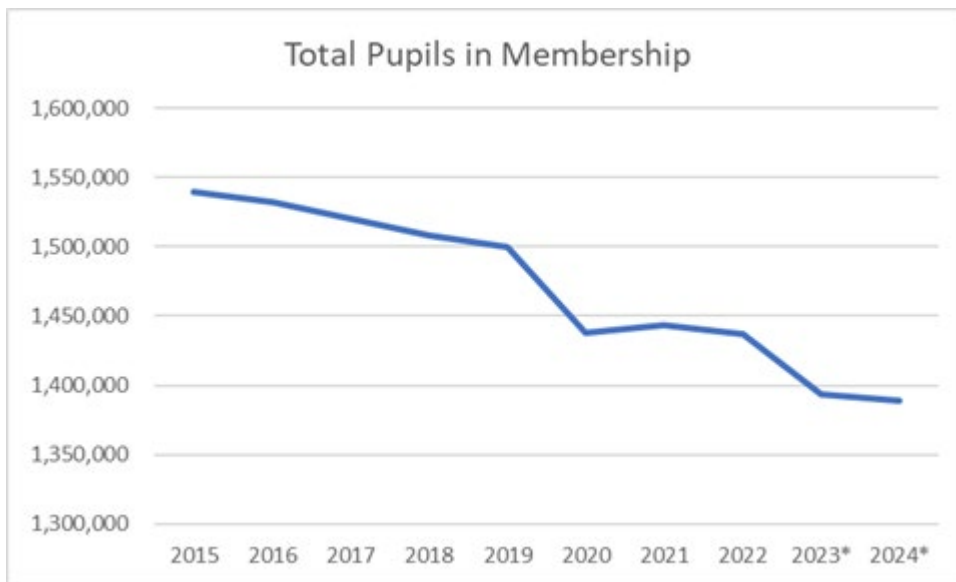
Blended enrollment in the district peaked in 2019-20 based on the blended rate of 90% of the fall and 10% of the previous spring student counts. During the pandemic, blended enrollment stabilized just under 15,000

students. The district expects minimal change in enrollment for the 2023-24 school year. Third-party projections indicate slight enrollment decrease through 2025-26. Rochester Community Schools is a Michigan public school district geographically located on the northern outskirts of Metro Detroit, in northeast Oakland County.

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



\*Projected



Source: MI School Data and Consensus Revenue Estimating Conference

State-wide student enrollment decreased between 2012-03 and 2022-23 by approximately 126,835 students. The State Fiscal Agency projects a stabilizing state enrollment through 2022-23 with continuing decline projected for the next two years as illustrated as follows:

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.

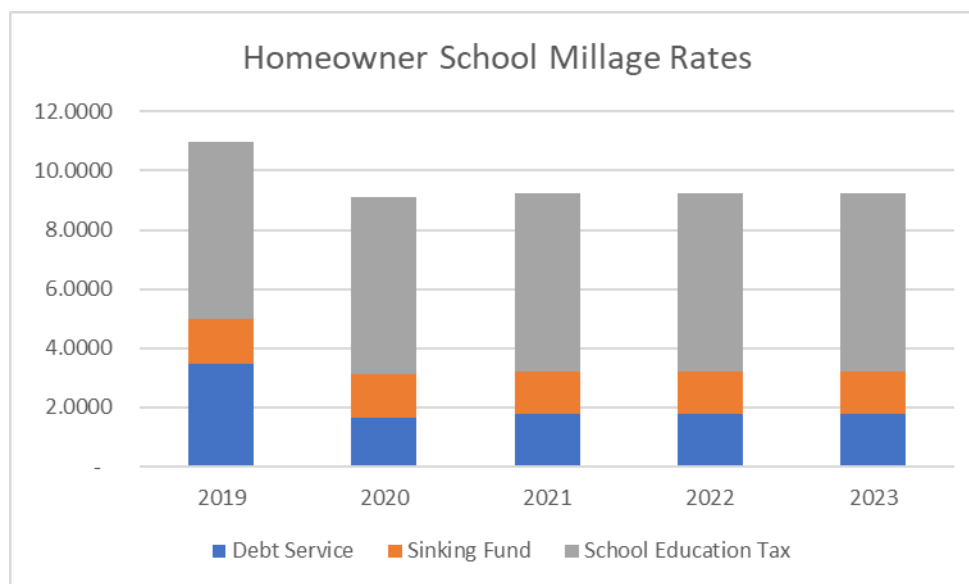
Districts are authorized by the State to levy up to 18 mills on non-homestead property located within their boundaries, which includes apartment buildings, rental homes, vacation property, vacant land, and commercial and industrial property; however, the Headlee amendment of 1978 included a provision 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 18.5004 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)				
2019	5,254,544,858	1,077,167,274	18.0000	5.3000	-	23.3000
2020	5,510,847,109	1,131,976,851	18.0000	3.4800	1.4874	22.9674
2021	5,753,618,092	1,267,773,507	18.0000	1.6400	1.4732	21.1132
2022	6,032,757,783	1,269,632,332	18.0000	1.7600	1.4630	21.2230
2023	6,478,861,031	1,279,050,219	18.0000	1.7600	1.4630	21.2230

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



### Personnel Resources

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

The district has added additional positions to support student mental health and diversity, equity, and inclusion, which has included additional executive staff and director level positions.

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

Position	Actual*			
	2019-20	2020-21	2021-22	2022-23
Certified Staff	902	909	901	961
Administrators	33	36	34	36
Secretaries	92	80	81	73
Maintenance/Grounds/Technicians	37	32	29	35
Paraprofessionals	272	277	181	210
Executive Staff/Directors	11	12	11	13
Total FTE	1,347	1,346	1,237	1,328

Position	Projected**			
	2023-24	2024-25	2025-26	2026-27
Certified Staff	961	959	961	955
Administrators	36	36	36	36
Secretaries	77	77	77	77
Maintenance/Grounds/Technicians	29	30	30	30
Paraprofessionals	223	233	233	233
Executive Staff/Directors	21	21	21	21
Total FTE	1,347	1,356	1,358	1,352

\*Source: district records

\*\*Based on student enrollment projection

### Long-Term Debt

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

The following is a summary of bonded debt transactions for the year ended June 30, 2023:

Balance July, 1, 2022	\$ 120,065,000
Retirements and Payments	5,800,000
Balance June 30, 2023	<u>\$ 114,265,000</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. High school students are also provided the opportunity to study international languages in Chinese, Japanese, Spanish, French, and German as well as American Sign Language.

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. Federal funding initiatives related to the pandemic are in their final full year. The State of Michigan has provided additional resources to support learning loss, mental health, and safety and security. The district continues to respond to utilize these opportunities to provide for students. 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

*Matthew McDaniel*

Matthew McDaniel, CPA  
Asst. Superintendent of Business Operations



## Meritorious Budget Award



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

This Meritorious Budget Award is presented to

# ROCHESTER COMMUNITY SCHOOLS

for excellence in the preparation and issuance of its budget  
for the Fiscal Year 2022–2023.

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



  
**John Hutchison**  
President

  
**Siobhán McMahon, CAE**  
Chief Operations Officer/  
Interim Executive Director



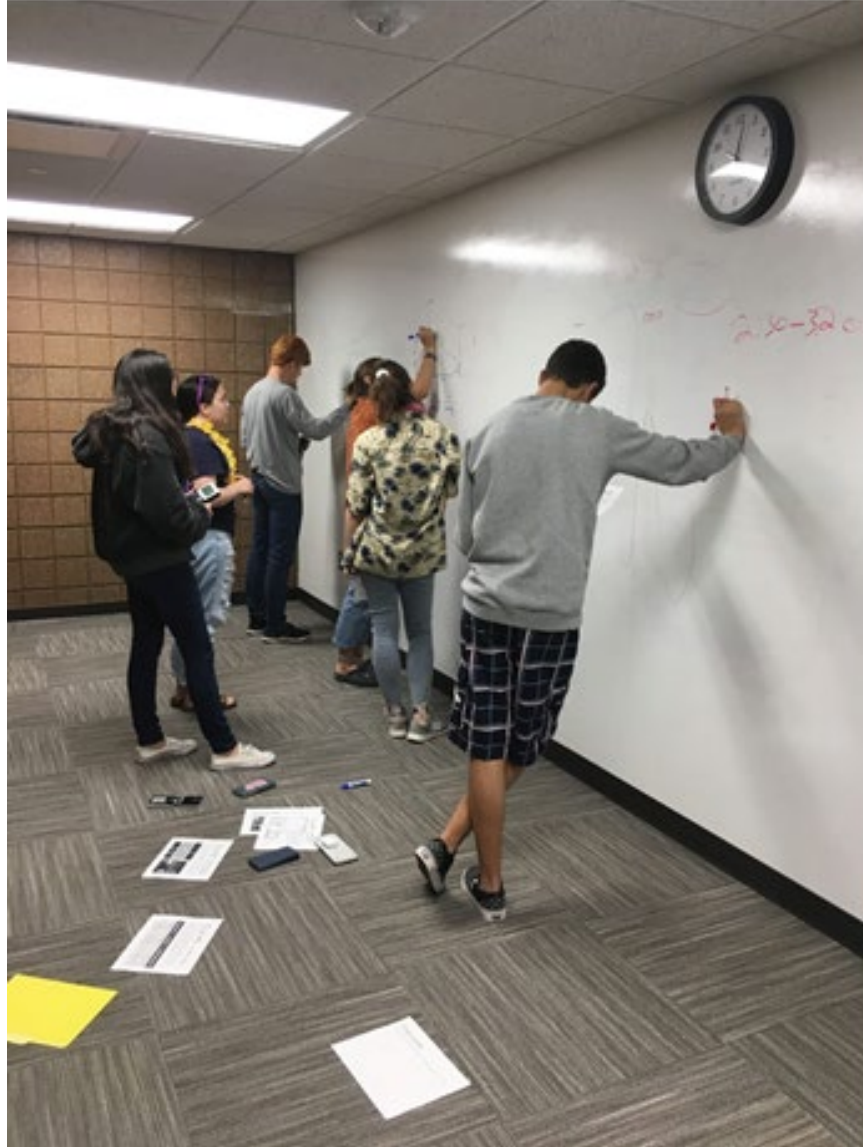
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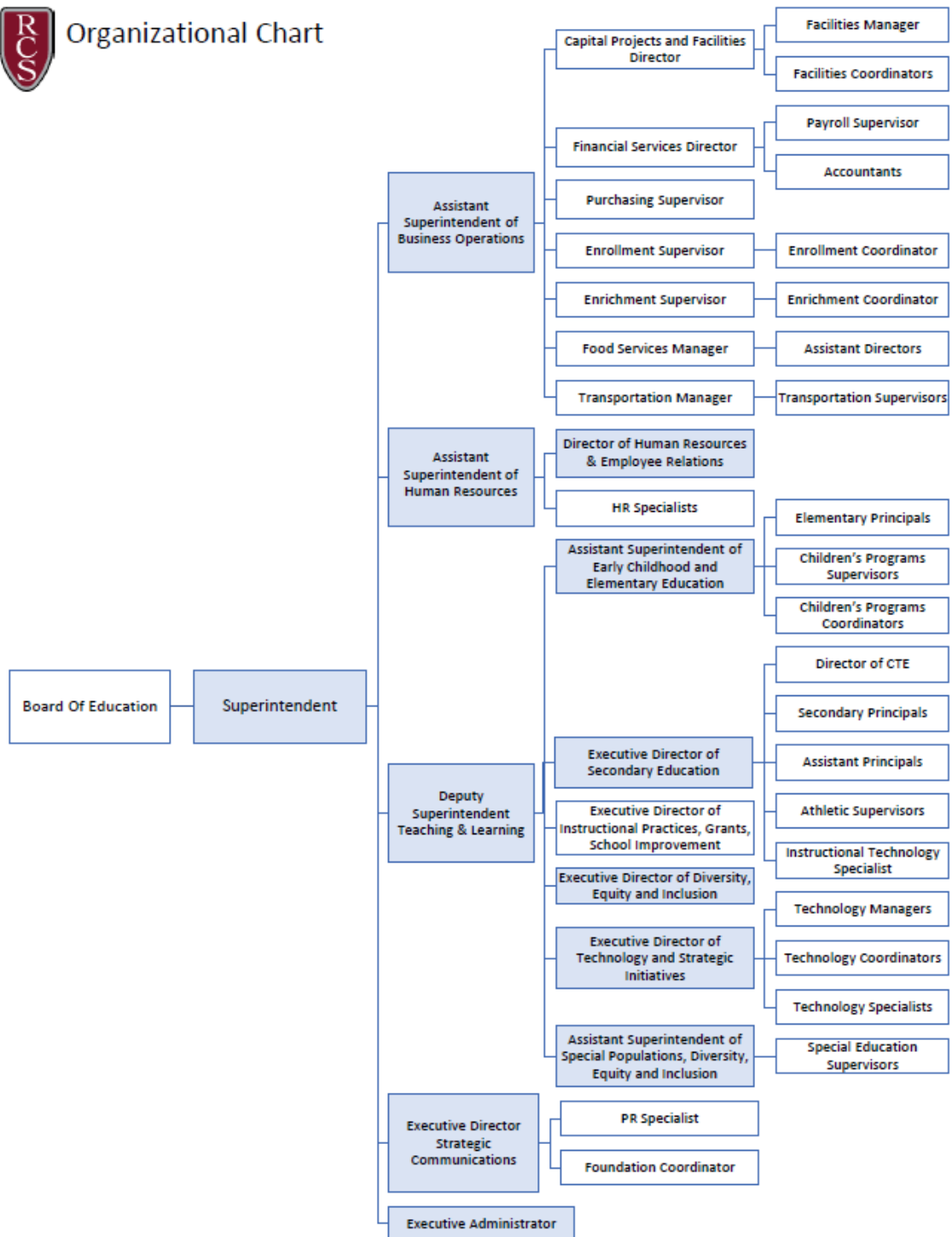
# Rochester Community Schools Organizational Section



## Administration Organizational Chart



### Organizational Chart



### School Building Administrative Staff

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

### Governance and Fiscal Independence

The District is governed by a Board of Education comprised of seven board members. Each board member is elected. Board members serve for a period of six years at which time they may choose to run for re-election. School Board members at June 30, 2023 are as follows:

Name	Position	Term Expires December 31
Michelle Bueltel	President	2024
Barb Anness	Vice President	2024
Kristin Bull	Treasurer	2026
Jessica Gupta	Secretary	2028
Carol Beth Litkouhi	Trustee	2028
Andrew Weaver	Trustee	2024
Dr. Julie Alspach	Trustee	2024

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 three comprehensive high schools, four middle schools, thirteen elementary schools, an early childhood education center, alternative center for education, and an adult education center.

#### Student Enrollment by Building

Fall 2022 general education student enrollment totaled 14,955 Full-Time Equivalent (FTE) students. Student enrollment by building is as follows:

Grade/Category	Grade Level	FTE
Elementary Schools:		
Baldwin	K-5	532
Brewster	K-5	397
Brooklands	K-5	598
Delta Kelly	K-5	631
Hamlin	K-5	449
Hampton	K-5	517
Hugger	K-5	519
Long Meadow	K-5	571
McGregor	K-5	450
Meadow Brook	K-5	395
Musson	K-5	526
North Hill	K-5	501
University Hills	K-5	396
Total		6,482
Middle Schools:		
Hart	6-8	1,031
Reuther	6-8	651
Van Hoosen	6-8	864
West	6-8	842
Total		3,388
High Schools:		
Adams	9-12	1,569
Rochester	9-12	1,748
Stoney Creek	9-12	1,556
Total		4,873
Other: Shultz Educational	Multi	212
Grand Total		14,955

Fall 2022 total student enrollment by grade and category is as follows:

<u>Grade/Category</u>	<u>2022</u>
Elementary Schools:	
Kindergarten	1,124
1st Grade	1,049
2nd Grade	992
3rd Grade	1,078
4th Grade	1,021
5th Grade	1,060
Total	6,324
Middle Schools:	
6th Grade	1,138
7th Grade	1,088
8th Grade	1,112
Total	3,338
High Schools:	
9th Grade	1,188
10th Grade	1,215
11th Grade	1,201
12th Grade	1,249
Total	4,853
Special Populations	440
Grand Total	<u>14,955</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. Due to the COVID-19 pandemic, District enrollment declined by 420 students between the fall of 2019 and the following fall. Since then, District enrollment has remained flat and the District's most recent enrollment projection shows a slightly decreasing enrollment through the fall of 2026.

The primarily residential community is ranked in the Niche top 25 Best Places to live in Michigan. Assessed property values increased approximately 17% between 2020 and 2023.

#### Mission and Vision of the District

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

The vision statements adopted June of 2010 are as follows:

**COLLEGE READY:** In preparation for the academic and intellectual challenges of a college education, Rochester Community Schools' students will pursue the most rigorous course of study, according to their ability. Students will explore, recognize and refine their academic interests and individual talents.

Students will meet college readiness standards in the core academic subjects of language arts, math, science, social studies and demonstrate proficiency in world language. Students will develop the tools of critical and creative thinking, self-reliance and motivation.

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

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

#### Strategic Plan Goals and Objectives

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

##### *Global Awareness*

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

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

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

##### *Infrastructure & Technology*

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

Strategies have been developed and action plans implemented to help the District reach each of its Strategic Plan objectives. Progress toward the

objectives is monitored on an on-going basis and presented to the Board of Education at regular intervals.

#### Estimated Costs of Goals and Objectives

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

**Global Awareness - World Languages.** The District expanded its world language program with the addition of Chinese language instruction and the development of sister schools located in China. Additionally, several field trips to China have expanded student cultural awareness of that nation and many students and their chaperones have developed life-long friendships with their host families. The district invests approximately \$4 million each year in foreign language instruction.

***Curriculum/Instruction/Assessment – Professional Learning.*** Teachers engage in regular professional development training through a variety of classes, workshops, and seminars. The knowledge gained from professional training is used to improve instruction in the classroom. The district invests approximately \$450,000 in professional development training each year.

**Infrastructure and Technology - 2016 Bond Issue.** The District facilitated a detailed needs study to determine infrastructure and technology needs. As a result of that study, the community approved up to \$185 million in bonded debt. The District issued the bonds in two series: Series one for \$128 million, and Series two for \$57,000,000. These issues were to fund the construction of security vestibules at all buildings, the construction of building additions and renovations, site work, and technology infrastructure, buses, and furniture and equipment. The District expects all projects to be substantially complete by spring 2024.

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, an annual comprehensive financial report covering the financial position of the school system is prepared and published following an independent audit which includes statements of scope and opinion as to the compliance with GAAP.

### Fund Balance Policy

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

Percentage of Unassigned Fund Balance to Expenditures General Fund					
Fiscal Year	Estimated		2021-22	Actual	
	2023-24	2022-23		2020-21	2019-20
Unassigned Fund Balance	39,228,383	39,460,850	38,835,478	38,610,298	38,528,794
Expenditures & Transfers	213,467,378	234,627,975	195,534,584	181,991,891	175,976,982
% Unassigned	18.38%	16.82%	19.86%	21.22%	21.89%

### Budget Process

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

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

### Encumbrance and Expenditure Control

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

### Budget Calendar

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

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

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

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

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

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

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

#### Budget Recognition

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

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

#### Amendments to the Budget

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

#### Budget Administration and Management Process

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

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

\*Expenditures by Fund

\*Payroll and electronic funds transfers

\*Detail of disbursements

\*Property tax collections

### 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*

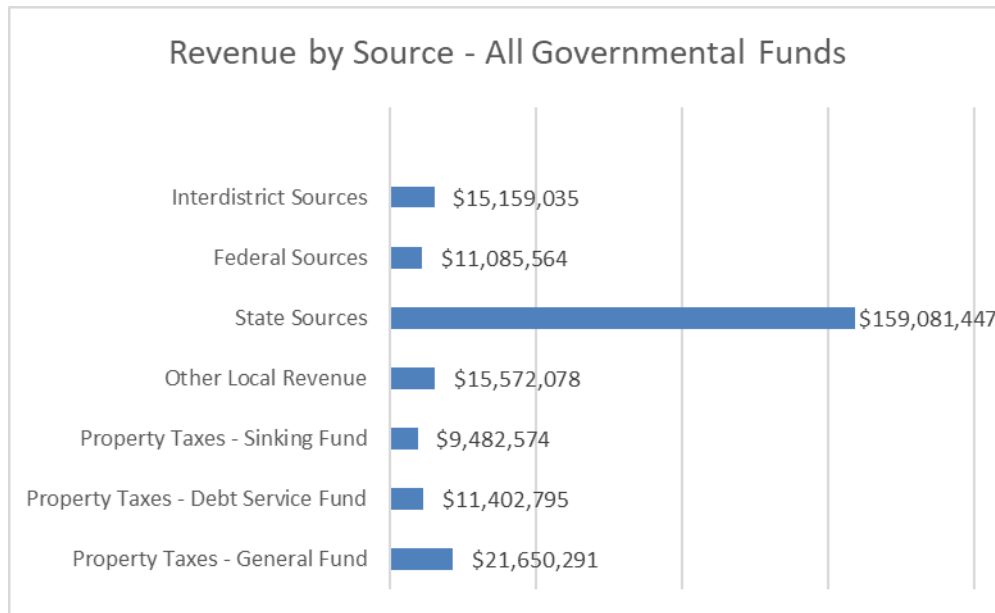
Examples of Categorical State Aid include funding for "at risk" pupils (defined on the basis of how many students in school qualify for free school lunches on the basis of family income), for "school readiness" programs for educationally disadvantaged four-year-olds, and for funding for special education. The retirement system rate stabilization and cost offset is another categorical funding source. Categorical State Aid contributed approximately \$38.0 and \$51.9 million in 2022-23 and 2021-22 respectively. The additional categorical revenue received in 2021-22 is primarily one-time funding related to the COVID-19 pandemic. Over the last two years, the State has provided additional categorical funding for safety and security, mental health, expanding learning opportunities related to the pandemic, and increased special education amounts.

### Property Taxes

The District levies 18 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. Property values have recovered in recent years from the 2008 housing bubble. The Non-Homestead property tax levy totaled approximately \$20.84 and \$20.26 million in 2022-23 and 2021-22 respectively.

*Federal Revenue* – The federal government provides restricted funding (passed through the Michigan Department of Education and the Oakland School District) for specific programs. The primary areas of support are Special Education, School Lunch and Consolidated (Title) grants. The district received approximately \$18.8 and \$6.0 million in 2022-23 and 2021-22 respectively in one-time grants related to the COVID-19 global pandemic. As of the date of this report, the one-time federal funding related to the global pandemic is required to be expended by September 2024.

The following graph illustrates the District's 2023-24 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 2023-24	Final Budget 2022-23	Actual 2021-22
Basic Instruction	\$ 8,405	\$ 9,408	\$ 7,829
Pupil	1,295	1,266	1,222
Instructional Staff	701	790	631
General Administration	150	150	136
School Administration	612	622	636
Business Services	182	182	144
Operations & Maintenance	1,285	1,302	1,030
Transportation	578	570	485
Central Services	516	522	469
Other Support	193	194	190
Community Education	170	329	193
Debt Service & Capital Outlay	158	325	78
	<u>\$ 14,245</u>	<u>\$ 15,660</u>	<u>\$ 13,043</u>

Key Expenditures:

*Salaries and employee benefits* account for approximately 80% of the total General Fund budget. The District negotiates with most bargaining units

utilizing interest-based bargaining for instructional and support staff as illustrated in the following table:

Employee Group	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	6/30/2024
Administrators	RCS Administrators Association	6/30/2026
Secretaries	Rochester Support Personnel, MEA/NEA	6/30/2024
Maintenance/Grounds/Techn	AFSCME Local 202, Council 25	6/30/2025
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2025
Executive Staff/Directors	Local contracts	6/30/2024

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 \$15.8 million for the year ended June 30, 2023.

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

The District's estimated contribution to MPERS under all pension plans for the year ended June 30, 2023 totaled \$36.6 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.

### 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.

	Expenditures (in millions)					
	June 30, 2024 (Estimated)	% of Total	June 30, 2023 (Estimated)	% of Total	June 30, 2022 (Actual)	% of Total
General Fund	\$ 213,467,378	86%	\$ 234,627,975	86%	\$ 195,534,584	85%
Debt Retirement Fund	10,776,019	4%	10,736,519	4%	10,783,514	5%
Capital Projects Fund	13,178,763	5%	15,983,548	6%	15,082,258	7%
School Service Funds	10,095,484	4%	10,174,682	4%	7,820,057	2%
Total	<u>\$ 247,517,644</u>		<u>\$ 271,522,724</u>		<u>\$ 229,220,413</u>	

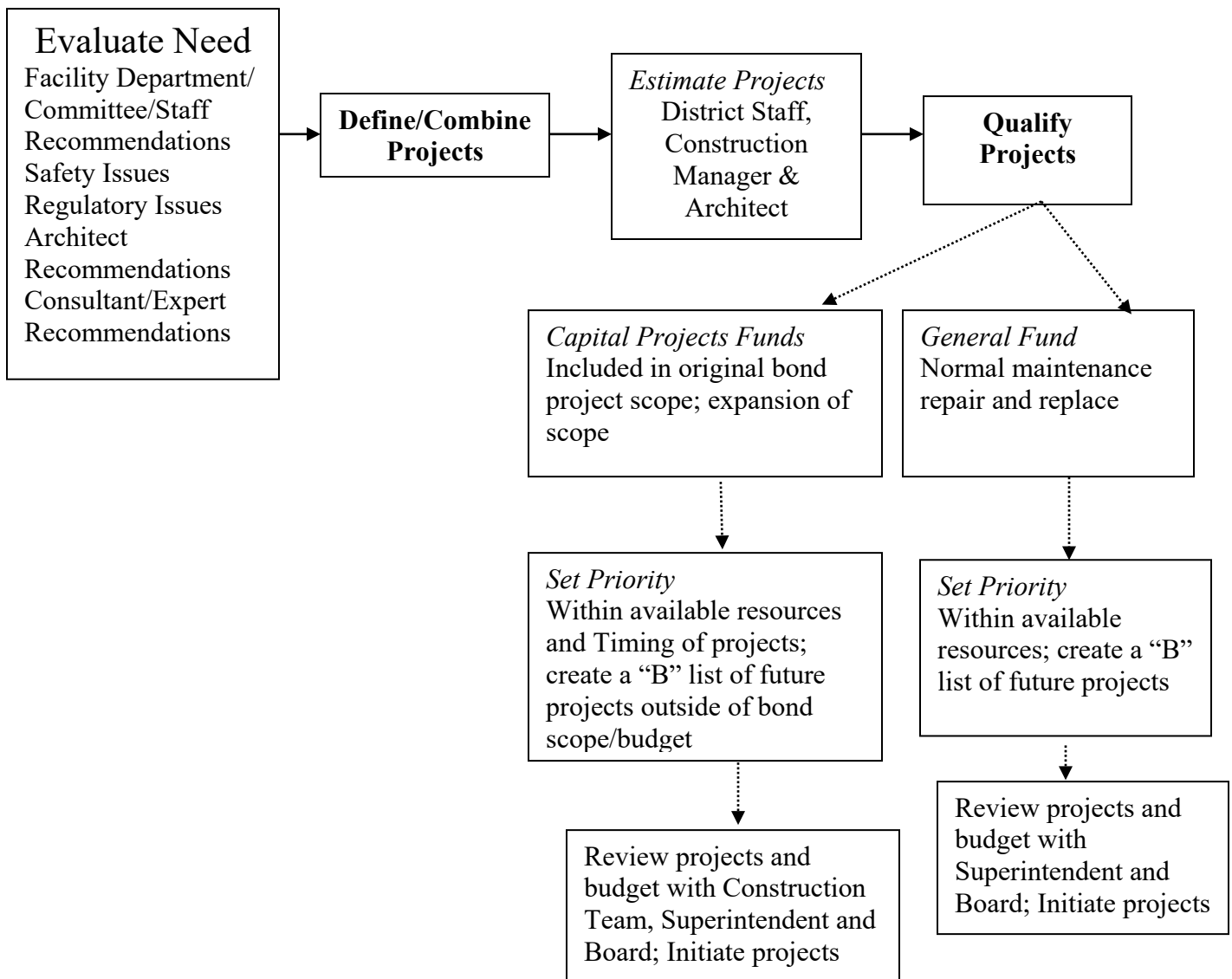
	Fund Balances (in millions)					
	June 30, 2024 (Estimated)	% of Total	June 30, 2023 (Estimated)	% of Total	June 30, 2022 (Actual)	% of Total
General Fund	\$ 39,228,383	84%	\$ 39,460,850	78%	\$ 38,835,478	68%
Debt Retirement Fund	1,696,771	4%	1,068,495	2%	1,209,326	2%
Capital Projects Fund	1,813,996	4%	5,505,985	11%	12,437,695	22%
School Service Funds	3,848,781	8%	4,706,233	9%	4,902,539	9%
Total	<u>\$ 46,587,931</u>		<u>\$ 50,741,563</u>		<u>\$ 57,385,038</u>	

The following table illustrates the planned Capital Projects Funds expenditures by object for 2023-24:

Project	Budget		Total
	Building & Site	Sinking Fund	
Buildings & Additions	\$ 2,500,204	\$ 8,361,487	\$ 10,861,691
Furniture & Equipment	1,021,345		1,021,345
Site Improvements	1,021,345	526,619	1,547,964
Other	100,030	100,000	200,030
	<u>\$ 4,642,924</u>	<u>\$ 8,988,106</u>	<u>\$ 13,631,030</u>

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

### Budget Development Flowchart



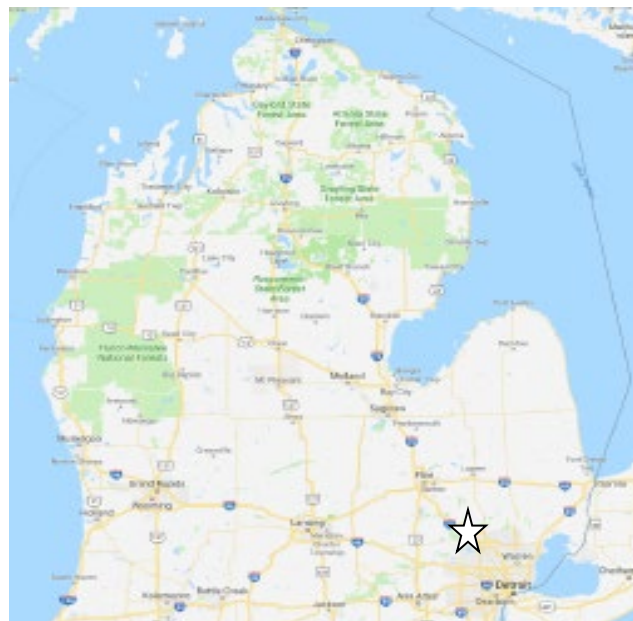
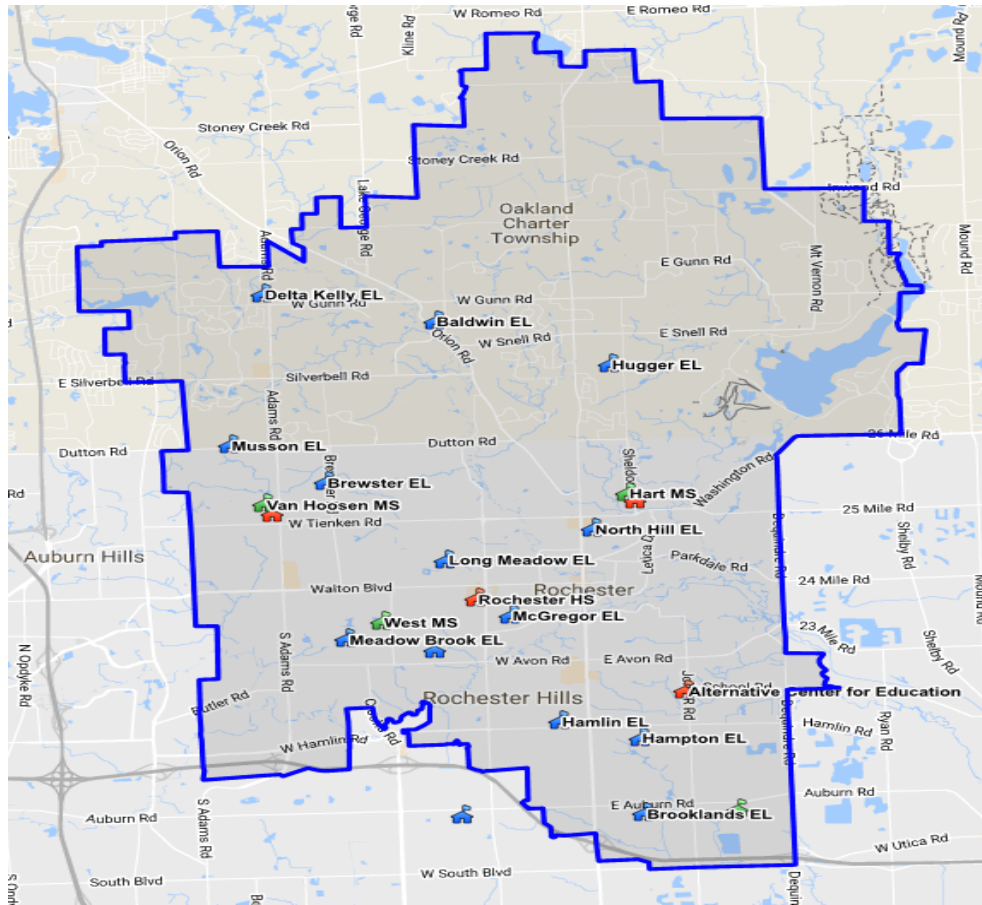
### Other Sustaining Local Revenue Sources

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

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

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

## Rochester Community Schools District Map



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# Rochester Community Schools Financial Section



### Description of Governmental Funds

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

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

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

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

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

### Declining Fund Balances

The overall decline in fund balances budgeted for the 2023-24 fiscal year reflect the additional costs of COVID-19 (general fund), the completion of construction projects related to the 2016 bond issue (capital projects fund), and measures taken to use fund balance in the food service fund to bring the district into compliance with federal regulations that restrict fund balance levels in that fund.

## 2023-24 Summary Budget – All Governmental Fund Types

### REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION FOR FISCAL YEAR 2023-24

	General Fund	Debt Service Fund	Capital Projects Funds	Special Revenue Funds	Total
<b>Revenues:</b>					
Local	\$ 29,644,015	\$ 11,404,295	\$ 9,486,774	\$ 7,572,654	\$ 58,107,738
Interdistrict Sources	15,159,035	-	-	-	15,159,035
State	159,008,447	-	-	73,000	159,081,447
Federal	<u>9,587,818</u>	<u>-</u>	<u>-</u>	<u>1,497,746</u>	<u>11,085,564</u>
Total Revenues	213,399,315	11,404,295	9,486,774	9,143,400	243,433,784
<b>Expenditures:</b>					
Instruction					
Basic Programs	95,381,855	-	-	-	95,381,855
Added Needs	30,285,660	-	-	-	30,285,660
Adult and Continuing Ed	283,513	-	-	-	283,513
Support Services					
Pupil	19,406,146	-	-	-	19,406,146
Instructional Staff	10,497,228	-	-	-	10,497,228
General Administration	2,251,903	-	-	-	2,251,903
School Administration	9,175,085	-	-	-	9,175,085
Business Services	2,725,790	-	-	-	2,725,790
Operations & Maintenance	19,248,403	-	-	-	19,248,403
Transportation	8,664,050	-	-	-	8,664,050
Central Services	7,733,274	-	-	-	7,733,274
Community Education	2,546,212	-	-	-	2,546,212
Other Supporting Services	2,899,258	-	-	9,856,393	12,755,651
Capital Projects					
Capital Outlay & Other Costs	1,643,067	-	13,178,763	239,091	15,060,921
Debt Service					
Principal	615,753	6,075,000	-	-	6,690,753
Interest and Fiscal Charges	-	4,681,019	-	-	4,681,019
Other Costs	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	213,467,378	10,776,019	13,178,763	10,095,484	247,517,644
Excess (deficiency) of Revenues Over (Under) Expenditures	(68,063)	628,276	(3,691,989)	(952,084)	(4,083,860)
Other Financing Sources (Uses)					
Transfers, notes, sale of assets	45,228	-	-	94,632	139,860
Installment Loan Principal	-	-	-	-	-
Installment Loan Interest	-	-	-	-	-
Interfund Transfers	<u>(209,632)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,632)</u>
Total Other Financing Sources (Uses)	<u>(164,404)</u>	<u>-</u>	<u>-</u>	<u>94,632</u>	<u>(69,772)</u>
Excess (deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(232,467)	628,276	(3,691,989)	(857,452)	(4,153,632)
<b>Fund Equity:</b>					
July 1,	<u>39,460,850</u>	<u>1,068,495</u>	<u>5,505,985</u>	<u>4,706,233</u>	<u>50,741,563</u>
June 30,	\$ <u>39,228,383</u>	\$ <u>1,696,771</u>	\$ <u>1,813,996</u>	\$ <u>3,848,781</u>	\$ <u>46,587,931</u>



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

	Totals (Memorandum Only)			
	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
<u>Revenues:</u>				
Local	\$ 57,074,270	\$ 49,766,241	\$ 53,816,316	\$ 60,278,369
County	13,807,714	12,402,127	13,005,395	11,983,365
State	167,747,411	146,711,683	139,165,640	135,319,509
Federal	26,336,582	14,867,879	10,097,279	5,749,804
Total Revenues	264,965,977	223,747,930	216,084,630	213,331,047
<u>Expenditures:</u>				
Instruction:				
Basic Programs	106,950,306	94,943,418	85,968,038	82,483,972
Added Needs	33,742,227	22,260,108	21,904,684	21,909,701
Adult and Continuing Ed	285,013	165,863	169,910	181,621
Support Services:				
Pupil	18,966,031	18,316,763	16,650,362	15,705,063
Instructional Staff	11,839,998	9,466,996	9,805,285	7,902,845
General Administration	2,248,922	2,045,989	1,639,534	1,731,407
School Admin	9,319,937	9,531,189	9,051,994	9,145,569
Business Services	2,724,265	2,152,911	2,033,151	2,059,050
Operations & Maintenance	19,507,850	15,445,531	14,957,735	13,503,354
Transportation	8,534,169	7,273,395	5,549,402	6,120,680
Central Services	7,815,496	7,030,427	6,081,860	5,830,385
Other Supporting Services	2,904,447	2,842,867	2,841,563	2,849,247
Community Education	4,923,652	2,886,803	1,949,923	3,109,165
Building Improvement	282,680	39,753	242,819	8,003
Food Service	4,789,880	3,859,156	2,790,976	3,401,610
Book Store	159,912	145,762	62,302	103,766
Early Learning Center	2,033,199	1,108,110	992,126	1,074,284
Student/School Activity	3,195,836	2,707,029	1,192,423	2,249,684
Capital Projects				
Capital Outlay	19,938,977	15,628,429	32,928,574	35,489,251
Debt Service				
Principal	6,423,409	6,161,400	13,365,000	21,820,000
Interest and Fiscal Charges	4,926,519	5,162,269	5,789,219	6,781,374
Other	10,000	46,245	87,260	40,140
Total Expenditures	271,522,725	229,220,413	236,054,140	243,500,171
Excess (deficiency) of Revenues Over (Under) Expenditures	(6,556,748)	(5,472,483)	(19,969,510)	(30,169,124)
Other Financing Sources and (Uses)				
Issuance of Long-term Debt	-		3,000,000	
Interfund Transfers In	94,632	2,159,649	397,705	397,705
Interfund Transfers Out	(229,632)	(2,159,649)	(397,705)	(397,705)
Sale of Capital Assets & Other	48,272	21,597	63,485	52,848
Total Other Financing Uses	(86,728)	21,597	3,063,485	52,848
Net Change in Fund Balance	(6,643,476)	(5,450,886)	(16,906,025)	(30,116,276)
Fund Balances:				
July 1,	57,385,039	62,835,925	79,741,950	109,858,226
June 30,	\$ 50,741,563	\$ 57,385,039	\$ 62,835,925	\$ 79,741,950

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
<u>Revenues:</u>				
Local	\$ 60,096,066	\$ 58,292,155	\$ 58,214,103	\$ 58,107,738
County	15,159,035	15,159,035	15,159,035	15,159,035
State	163,168,848	161,827,435	160,464,363	159,081,447
Federal	6,939,875	6,939,875	6,939,875	11,085,564
Total Revenues	245,363,824	242,218,500	240,777,376	243,433,784
<u>Expenditures:</u>				
Instruction:				
Basic Programs	100,562,228	99,453,509	98,370,909	95,381,855
Added Needs	25,942,949	25,656,923	25,377,634	30,285,660
Adult and Continuing Ed	355,209	351,293	347,469	283,513
Support Services:				
Pupil	18,927,523	18,840,142	18,755,503	19,406,146
Instructional Staff	10,656,422	10,606,623	10,558,097	10,497,228
General Administration	2,305,563	2,290,907	2,276,488	2,251,903
School Admin	9,283,928	9,246,777	9,210,849	9,175,085
Business Services	2,771,034	2,757,952	2,745,142	2,725,790
Operations & Maintenance	20,510,643	20,083,606	19,664,422	19,248,403
Transportation	9,430,648	9,169,063	8,915,071	8,664,050
Central Services	7,860,312	7,817,439	7,775,289	7,733,274
Other Supporting Services	2,921,820	2,914,156	2,906,637	2,899,258
Community Education	2,812,795	2,794,146	2,775,871	2,546,212
Building Improvement	110,181	110,181	110,181	110,181
Food Service	4,442,885	4,355,770	4,270,363	4,789,880
Book Store	181,678	178,117	174,624	159,912
Early Learning Center	2,158,525	2,093,780	2,034,633	1,949,856
Student/School Activity	3,458,272	3,357,546	3,259,753	3,195,836
Capital Projects				
Capital Outlay	9,369,765	9,200,275	9,034,115	14,821,830
Debt Service				
Principal	6,960,000	7,273,574	6,967,192	6,690,753
Interest and Fiscal Charges	4,153,769	3,871,118	4,423,268	4,681,019
Other	20,000	20,000	20,000	20,000
Total Expenditures	245,196,149	242,442,897	239,973,510	247,517,644
Excess (deficiency) of Revenues Over (Under) Expenditures	167,675	(224,397)	803,866	(4,083,860)
Other Financing Sources and (Uses)				
Issuance of Long-term Debt				-
Interfund Transfers In	5,464	5,305	5,150	94,632
Interfund Transfers Out	-	-	-	(209,632)
Sale of Capital Assets & Other	-	-	-	45,228
Total Other Financing Uses	5,464	5,305	5,150	(69,772)
Net Change in Fund Balance	173,139	(219,092)	809,016	(4,153,632)
Fund Balances:				
July 1,	47,177,855	47,396,947	46,587,931	50,741,563
June 30,	\$ 47,350,994	\$ 47,177,855	\$ 47,396,947	\$ 46,587,931

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
<b><u>Revenues:</u></b>				
Local	\$ 29,770,747	\$ 27,462,573	\$ 24,499,022	\$ 27,007,784
State	167,017,411	146,603,065	139,080,313	135,197,827
Federal	24,838,835	9,368,659	7,684,829	4,327,588
Interdistrict Sources	<u>13,807,714</u>	<u>12,402,127</u>	<u>13,005,395</u>	<u>11,983,365</u>
Total Revenues	235,434,707	195,836,424	184,269,559	178,516,564
<b><u>Expenditures:</u></b>				
Instruction:				
Basic Programs	106,950,306	94,943,418	85,968,038	82,483,968
Added Needs	33,742,227	22,260,108	21,904,684	21,909,701
Adult and Continuing Ed	285,013	165,863	169,910	181,622
Support Services:				
Pupil	18,966,031	18,316,763	16,650,362	15,705,063
Instructional Staff	11,839,998	9,466,996	9,805,285	7,902,845
General Administration	2,248,922	2,045,989	1,639,534	1,731,407
School Administration	9,319,937	9,531,189	9,051,994	9,145,569
Business Services	2,724,265	2,152,911	2,033,151	2,059,050
Operations & Maintenance	19,507,850	15,445,531	14,957,735	13,503,354
Transportation	8,534,169	7,273,395	5,549,402	6,120,680
Central Services	7,815,496	7,030,427	6,081,860	5,830,385
Other Support	2,904,447	2,842,867	2,841,563	2,849,247
Community Education	4,923,652	2,886,803	1,949,923	3,109,165
Building Improvement Services	282,680	39,753	242,819	4,000
Debt Service	<u>623,409</u>	<u>586,400</u>	<u>-</u>	<u>-</u>
Total Instruction and Support	230,668,402	194,988,413	178,846,260	172,536,056
Capital Outlay	<u>3,959,573</u>	<u>546,171</u>	<u>3,145,631</u>	<u>3,440,926</u>
Total Expenditures	<u>234,627,975</u>	<u>195,534,584</u>	<u>181,991,891</u>	<u>175,976,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	806,732	301,840	2,277,668	2,539,582
Other Financing Sources (Uses)				
Transfers Out	(229,632)	(98,257)	(2,259,649)	(397,705)
Proceeds from Sale of Cap Assets	48,272	21,597	63,485	52,653
Total Other Financing Sources (Uses)	<u>(181,360)</u>	<u>(76,660)</u>	<u>(2,196,164)</u>	<u>(345,052)</u>
Net Change in Fund Balance	625,372	225,180	81,504	2,194,530
July 1, Fund Balance	<u>38,835,478</u>	<u>38,610,298</u>	<u>38,528,794</u>	<u>36,334,264</u>
Unassigned June 30,	<u>\$ 39,460,850</u>	<u>\$ 38,835,478</u>	<u>\$ 38,610,298</u>	<u>\$ 38,528,794</u>

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
<b>Revenues:</b>				
Local	\$ 30,687,068	\$ 30,245,158	\$ 29,811,188	\$ 29,644,015
State	163,095,848	161,754,435	160,391,363	159,008,447
Federal	5,517,659	5,517,659	5,517,659	9,587,818
Interdistrict Sources	15,159,035	15,159,035	15,159,035	15,159,035
Total Revenues	<u>214,459,610</u>	<u>212,676,287</u>	<u>210,879,245</u>	<u>213,399,315</u>
<b>Expenditures:</b>				
Instruction:				
Basic Programs	100,562,228	99,453,509	98,370,909	95,381,855
Added Needs	25,942,949	25,656,923	25,377,634	30,285,660
Adult and Continuing Ed	355,209	351,293	347,469	283,513
Support Services:				
Pupil	18,927,523	18,840,142	18,755,503	19,406,146
Instructional Staff	10,656,422	10,606,623	10,558,097	10,497,228
General Administration	2,305,563	2,290,907	2,276,488	2,251,903
School Administration	9,283,928	9,246,777	9,210,849	9,175,085
Business Services	2,771,034	2,757,952	2,745,142	2,725,790
Operations & Maintenance	20,510,643	20,083,606	19,664,422	19,248,403
Transportation	9,430,648	9,169,063	8,915,071	8,664,050
Central Services	7,860,312	7,817,439	7,775,289	7,733,274
Other Support	2,921,820	2,914,156	2,906,637	2,899,258
Community Education	2,812,795	2,794,146	2,775,871	2,546,212
Building Improvement Services	110,181	110,181	110,181	110,181
Debt Service	-	618,574	617,192	615,753
Total Instruction and Support	<u>214,451,255</u>	<u>212,711,291</u>	<u>210,406,754</u>	<u>211,824,311</u>
Capital Outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,643,067</u>
Total Expenditures	<u>215,451,255</u>	<u>213,711,291</u>	<u>211,406,754</u>	<u>213,467,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(991,645)	(1,035,004)	(527,509)	(68,063)
Other Financing Sources (Uses)				
Transfers Out	-	-	-	(209,632)
Proceeds from Sale of Cap Assets	-	-	-	45,228
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,404)</u>
Net Change in Fund Balance	(991,645)	(1,035,004)	(527,509)	(232,467)
July 1, Fund Balance	<u>37,665,870</u>	<u>38,700,874</u>	<u>39,228,383</u>	<u>39,460,850</u>
Unassigned June 30,	<u>\$ 36,674,225</u>	<u>\$ 37,665,870</u>	<u>\$ 38,700,874</u>	<u>\$ 39,228,383</u>

### Significant Changes in Fund Balance

The fund balance in General Fund is expected to decrease by approximately \$230,000 at June 30, 2023, compared to an increase of \$625,372 at June 30, 2022. This is due primarily to additional costs related to the COVID-19 global health pandemic that began in early 2020.

### Three Year Budget Forecast Assumptions

#### *General Fund*

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

2023-24 general fund assumptions are as follows:

	<u>2023-24</u>
Revenue:	
Foundation	\$ 9,608
Enrollment	14,989
Foundation increase	\$ 6,864,962
Increase (decrease) in enrollment	-
Estimated revenue increase (decrease)	6,864,962
Less: Property tax increase	<u>423,248</u>
Net state aid	6,441,714
Net change in federal grants	(15,251,017)
MPSERS One-time Deposit	(10,265,246)
Safety Grant	(1,748,591)
Change in COVID grants	(344,606)
Miscellaneous	<u>(1,293,939)</u>
Total change in revenues:	<u>\$ (22,038,437)</u>
Expenditures:	
Custodial contracts	\$ 344,388
Transportation contracts	236,148
Expand Strings program	276,528
Health Insurances	539,338
Retirement contributions	540,070
MPSERS One-time Deposit	(10,265,246)
Grant related reductions	(15,251,017)
School Bus Purchase	(2,407,652)
Staffing Adjustments	<u>4,699,192</u>
Total change in expenditures	<u>\$ (21,288,251)</u>
Total Revenue increase (decrease)	\$ (22,038,437)
Total Expenditure increase (decrease)	(21,288,251)
Net Change in Other Financing Sources (Uses)	<u>(127,656)</u>
Net change in excess (deficiency)	<u>\$ (877,842)</u>

Three-year general fund assumptions are as follows:

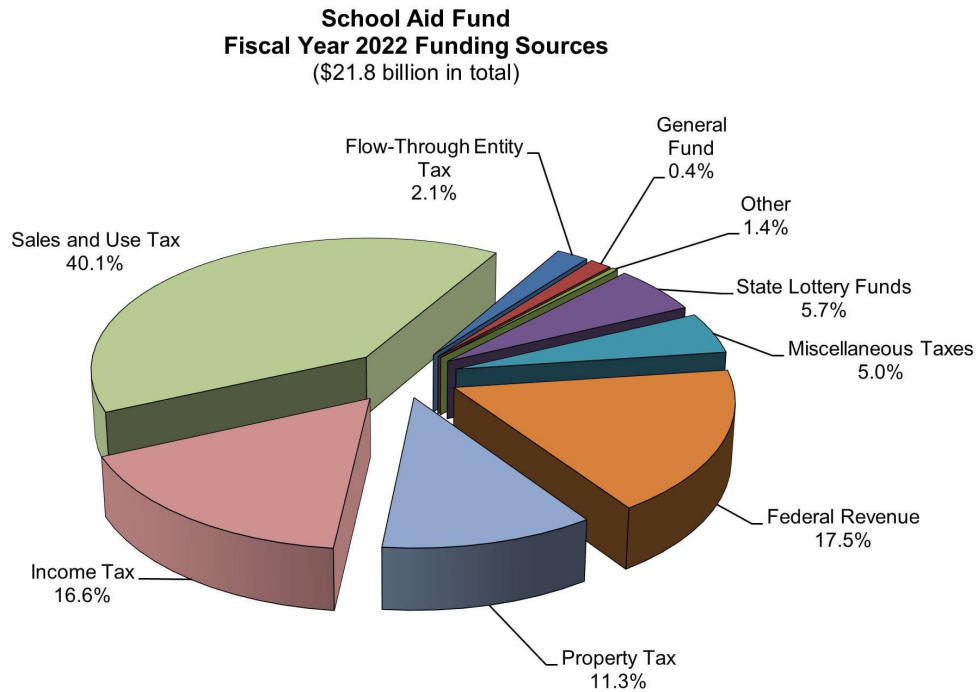
	Assumption 2024-25		Assumption 2025-26		Assumption 2026-27	
Revenue:						
Foundation	\$ 120	\$ 9,728	\$ 120	\$ 9,848	\$ 120	\$ 9,968
Enrollment	-	14,989	-	14,886	-	14,769
Grant Related Reduction		(4,070,159)				
Facility Rental Reduction		(259,000)				
Miscellaneous		10,409		10,722		11,043
Expenditures:						
Custodial contracts	2.00%	\$ 344,388	2.00%	\$ 351,276	2.00%	\$ 358,302
Transportation contracts	3.00%	236,148	3.00%	243,305	3.00%	243,305
Expand Strings program		276,528		286,289		286,289
Health Insurances	3.50%	539,338	3.50%	558,215	3.50%	558,215
Retirement contributions	1.20%	540,070	1.20%	546,551	1.20%	546,551
Miscellaneous		73,063		318,901		(252,698)
Grant related reductions		(4,070,159)		-		-

### 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.

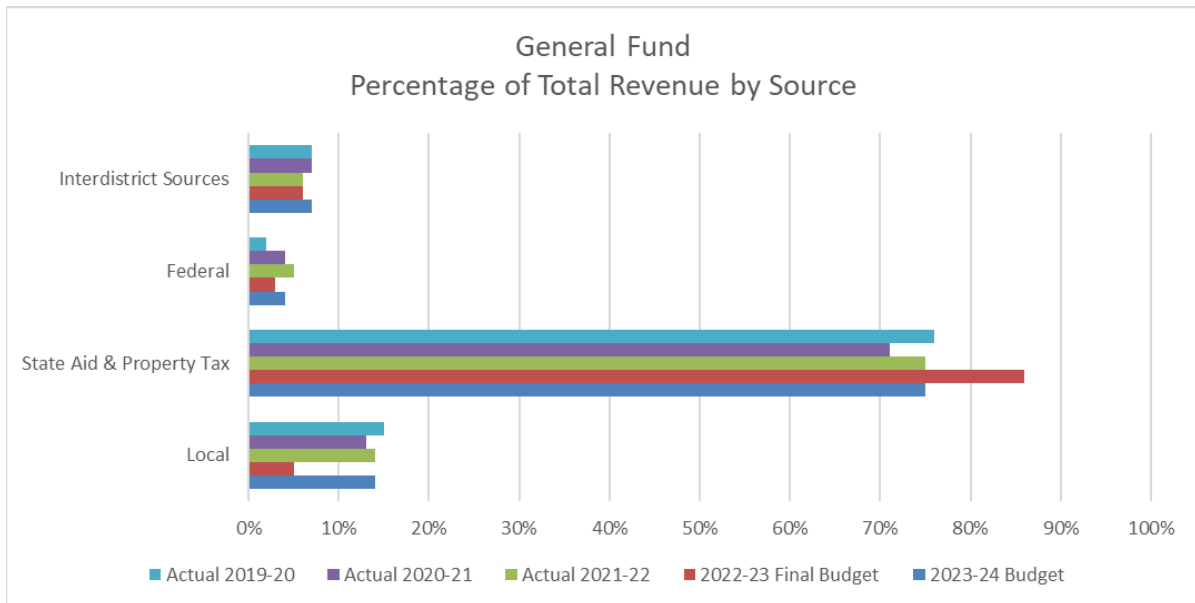
The following graph illustrates the School Aid Fund (SAF) revenue sources for Fiscal Year 2022 (the most recent data available):



Source: State Budget Office

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

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



### Major Revenue Shifts

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

### Revenue Assumptions and Significant Trends

#### *General Fund*

Michigan school districts are funded for operating purposes primarily with a per-pupil foundation allowance allocation comprised of State Aid payments and property tax collections. Fiscal year 2023-24 property tax revenue is based on preliminary values published in the Oakland and Macomb County *FORM L-4028 COUNTY AND VILLAGES 2023 MILLAGE REDUCTION FRACTION COMPUTATIONS*. Forecasted state aid revenue is based on current year levels and will be adjusted when the State adopts its SAF budget. Long-range foundation allowance projections are calculated by multiplying projected enrollment by estimated per-pupil funding levels.



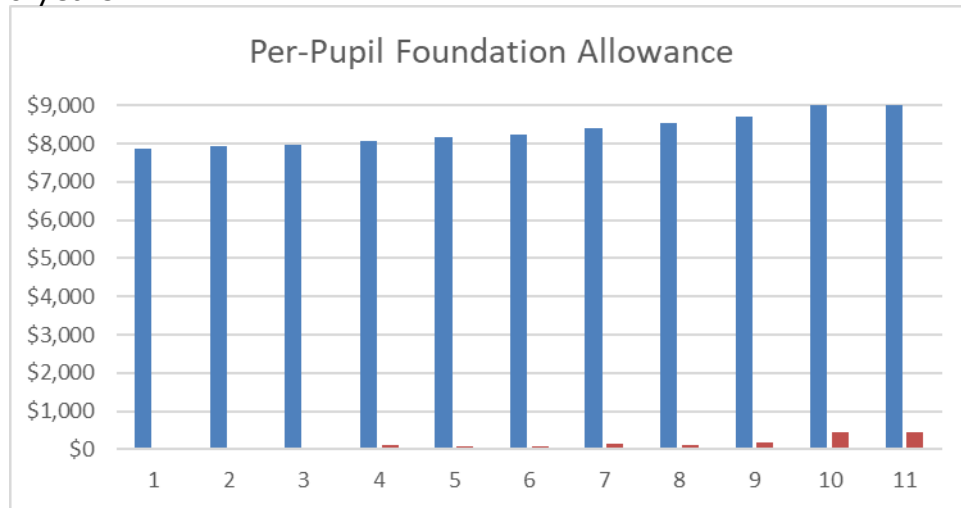
## Current Year Revenues by Source and Three Prior Years Actual – General Fund

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
<b>Local sources</b>				
Property tax levy	\$ 21,650,291	\$ 20,267,831	\$ 20,227,862	\$ 19,737,965
Earnings on investments	230,000	16,828	26,390	108,771
Tuition from patrons	346,976	256,079	202,571	327,640
Rentals	744,000	625,525	277,994	561,632
Contributions and grants	121,802	67,293	163,202	52,080
Medicaid	1,116,792	1,118,797	1,184,317	1,326,158
Athletics gate receipts	265,672	223,162	-	230,449
Other local revenue	<u>5,295,214</u>	<u>4,887,058</u>	<u>2,416,686</u>	<u>4,663,089</u>
<b>Total revenues from local sources</b>	<b>29,770,747</b>	<b>27,462,573</b>	<b>24,499,022</b>	<b>27,007,784</b>
<b>State sources</b>				
Grants - unrestricted				
State school aid	115,146,015	107,178,863	108,675,552	106,123,109
Grants - restricted				
Special education	12,965,293	10,777,889	10,545,804	10,969,960
At risk	2,823,660	1,674,365	1,240,760	1,682,340
Vocational education	207,278	141,055	164,285	160,586
Early childhood education	177,161	229,785	137,173	229,604
MPSERS Cost Offset	1,218,835	3,745,949	3,291,386	2,878,954
MPSERS UAAL	17,626,129	15,590,911	12,944,987	10,660,862
Other	<u>16,853,040</u>	<u>7,264,248</u>	<u>2,080,366</u>	<u>2,492,412</u>
<b>Total revenues from state sources</b>	<b>167,017,411</b>	<b>146,603,065</b>	<b>139,080,313</b>	<b>135,197,827</b>
<b>Federal sources</b>				
Grants - restricted				
Special education - I.D.E.A.	4,041,161	3,194,023	3,274,409	3,283,834
COVID-19 Grants	18,838,438	6,019,772	3,567,005	-
Title I	668,266	13,776	246,307	347,762
Medicaid Outreach	40,289	80,154	41,823	67,971
Title II A	530,254	45,565	157,795	296,946
Title III	508,950	14,187	214,882	135,933
Title IV	52,849	1,182	13,096	24,729
Adult education	<u>158,628</u>	<u>-</u>	<u>169,512</u>	<u>170,413</u>
<b>Total revenues from federal sources</b>	<b>24,838,835</b>	<b>9,368,659</b>	<b>7,684,829</b>	<b>4,327,588</b>
<b>Interdistrict sources</b>				
County sources	<u>13,807,714</u>	<u>12,402,127</u>	<u>13,005,395</u>	<u>11,983,365</u>
<b>Total county sources</b>	<b>13,807,714</b>	<b>12,402,127</b>	<b>13,005,395</b>	<b>11,983,365</b>
<b>Other financing sources</b>				
Other Reimbursements	<u>48,272</u>	<u>21,597</u>	<u>63,485</u>	<u>52,653</u>
<b>Total other sources</b>	<b>48,272</b>	<b>21,597</b>	<b>63,485</b>	<b>52,653</b>
<b>Total revenues and Other financing sources</b>	<b>\$ <u>235,482,979</u></b>	<b>\$ <u>195,858,021</u></b>	<b>\$ <u>184,333,044</u></b>	<b>\$ <u>178,569,217</u></b>

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
<b>Local sources</b>				
Property tax levy	\$ 22,920,170	\$ 22,489,303	\$ 22,066,055	\$ 21,650,291
Earnings on investments	230,000	230,000	230,000	230,000
Tuition from patrons	379,150	368,107	357,385	346,976
Rentals	485,000	485,000	485,000	744,000
Contributions and grants	-	-	-	-
Medicaid	1,116,792	1,116,792	1,116,792	1,116,792
Athletics gate receipts	265,672	265,672	265,672	265,672
Other local revenue	<u>5,290,284</u>	<u>5,290,284</u>	<u>5,290,284</u>	<u>5,290,284</u>
<b>Total revenues from local sources</b>	<b>30,687,068</b>	<b>30,245,158</b>	<b>29,811,188</b>	<b>29,644,015</b>
<b>State sources</b>				
Grants - unrestricted				
State school aid	125,138,036	123,796,623	122,433,551	121,050,635
Grants - restricted				
Special education	11,480,031	11,480,031	11,480,031	11,480,031
At risk	2,823,660	2,823,660	2,823,660	2,823,660
Vocational education	207,278	207,278	207,278	207,278
Early childhood education	177,161	177,161	177,161	177,161
MPSERS Cost Offset	1,218,835	1,218,835	1,218,835	1,218,835
MPSERS UAAL	17,626,129	17,626,129	17,626,129	17,626,129
Other	<u>4,424,718</u>	<u>4,424,718</u>	<u>4,424,718</u>	<u>4,424,718</u>
<b>Total revenues from state sources</b>	<b>163,095,848</b>	<b>161,754,435</b>	<b>160,391,363</b>	<b>159,008,447</b>
<b>Federal sources</b>				
Grants - restricted				
Special education - I.D.E.A.	4,042,100	4,042,100	4,042,100	4,042,100
COVID-19 Grants	-	-	-	4,070,159
Title I	668,266	668,266	668,266	668,266
Medicaid Outreach	40,289	40,289	40,289	40,289
Title II A	260,151	260,151	260,151	260,151
Title III	317,918	317,918	317,918	317,918
Title IV	30,307	30,307	30,307	30,307
Adult education	<u>158,628</u>	<u>158,628</u>	<u>158,628</u>	<u>158,628</u>
<b>Total revenues from federal sources</b>	<b>5,517,659</b>	<b>5,517,659</b>	<b>5,517,659</b>	<b>9,587,818</b>
<b>Interdistrict sources</b>				
County sources	<u>15,159,035</u>	<u>15,159,035</u>	<u>15,159,035</u>	<u>15,159,035</u>
<b>Total county sources</b>	<b>15,159,035</b>	<b>15,159,035</b>	<b>15,159,035</b>	<b>15,159,035</b>
<b>Other financing sources</b>				
Other Reimbursements	<u>45,228</u>	<u>45,228</u>	<u>45,228</u>	<u>45,228</u>
<b>Total other sources</b>	<b>45,228</b>	<b>45,228</b>	<b>45,228</b>	<b>45,228</b>
<b>Total revenues and Other financing sources</b>	<b>\$ 214,504,838</b>	<b>\$ 212,721,515</b>	<b>\$ 210,924,473</b>	<b>\$ 213,444,543</b>

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



### Significant Expenditure Categories

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

### *Salaries and wages:*

Salaries and benefits are negotiated with the following employee groups:

Employee Group	Bargaining Unit	Contract Expiration Date
Teachers	Rochester Education Association, MEA/NEA	6/30/2024
Administrators	RCS Administrators Association	6/30/2026
Secretaries	Rochester Support Personnel, MEA/NEA	6/30/2024
Maintenance/Grounds/Techn	AFSCME Local 202, Council 25	6/30/2025
Paraprofessionals	Rochester Para Educator Association MEA/NEA	6/30/2025
Executive Staff/Directors	Local contracts	6/30/2024

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, 2022 valuation will be amortized over a 20-year period for fiscal year 2022. The District's portion of the unfunded liability at September 30, 2022 totaled \$382,983,135.

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
September 1,	2019	September 30,	2019	20.96%	27.16%
October 1,	2019	September 30,	2020	20.96%	27.50%
October 1,	2020	September 30,	2021	20.96%	28.21%
October 1,	2021	September 30,	2022	20.96%	28.23%
October 1,	2022	September 30,	2023	20.96%	28.23%
October 1,	2023	September 30,	2024	20.96%	30.09%

#### *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 \$15.8 million in 2022-23. Premiums are expected to increase by 5.4% beginning January 1, 2024.

#### Major Expenditure Shifts

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

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

	Final Budget 2022- 23	Actual 2021-22	Actual 2020-21	Actual 2019- 20
Instruction				
Salaries:				
Elementary	\$ 24,108,997	\$ 25,815,425	\$ 23,584,239	\$ 23,791,258
Middle School	8,752,857	12,030,082	11,028,579	10,724,900
High School	14,913,424	15,928,402	15,159,153	14,556,194
Other Basic Programs	2,231,416	683,581	420,031	874,151
Special Education	11,723,374	10,629,151	9,925,612	10,170,648
Other Added Needs	6,400,937	1,584,788	1,497,970	1,500,347
Adult Education	111,728	82,152	95,926	99,839
Total Salaries	68,242,733	66,753,581	61,711,510	61,717,337
Employee Benefits:				
Group Insurance	12,174,463	9,785,897	9,774,729	7,756,497
Social Security & Retirement	47,893,800	34,712,811	30,231,343	28,541,735
Other Employee Benefits	544,294	543,526	484,813	498,142
Total Employee Benefits	60,612,557	45,042,234	40,490,885	36,796,374
Purchased Services	5,113,994	2,877,692	2,365,248	2,139,875
Supplies & Materials	5,557,783	1,228,877	895,154	1,586,989
Other Expenses	1,450,478	1,462,858	2,579,835	2,334,716
Total Instruction	140,977,545	117,365,242	108,042,632	104,575,291
Student Services				
Salaries:				
Professional	10,215,128	9,789,981	9,066,401	8,263,437
Non-professional	679,536	816,926	693,776	1,042,397
Total Salaries	10,894,664	10,606,907	9,760,177	9,305,834
Employee Benefits:				
Group Insurance	1,749,796	1,823,913	1,670,482	1,680,480
Social Security & Retirement	5,499,093	5,333,908	4,836,698	4,375,930
Other Employee Benefits	93,861	99,381	99,945	83,742
Total Employee Benefits	7,342,750	7,253,202	6,607,125	6,140,152
Purchased Services	681,330	417,079	242,943	227,260
Supplies & Materials	37,580	34,369	33,206	23,488
Other Expenses	9,707	5,206	6,911	8,329
Total Student Services	18,966,031	18,316,763	16,650,362	15,705,063
Staff Services				
Salaries:				
Professional	5,681,752	4,464,875	4,697,001	3,721,547
Non-professional	637,061	357,008	820,778	547,589
Total Salaries	6,318,813	4,821,883	5,517,779	4,269,136
Employee Benefits:				
Group Insurance	864,489	749,914	662,390	776,850
Social Security & Retirement	2,681,144	2,402,381	2,695,478	1,984,896
Other Employee Benefits	54,214	31,387	25,994	18,152
Total Employee Benefits	3,599,847	3,183,682	3,383,862	2,779,898
Purchased Services	1,690,709	571,836	553,192	481,270
Supplies & Materials	156,990	872,880	344,031	352,713
Other Expenses	73,639	16,715	6,421	19,828
Total Staff Services	11,839,998	9,466,996	9,805,285	7,902,845

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
General Administration				
Salaries:				
Professional	\$ 480,776	\$ 463,295	\$ 453,415	\$ 420,606
Non-professional	206,848	179,234	135,119	130,814
Total Salaries	687,624	642,529	588,534	551,420
Employee Benefits:				
Group Insurance	99,382	95,561	79,127	81,592
Social Security & Retirement	329,740	319,541	288,893	251,918
Other Employee Benefits	42,407	33,692	28,450	12,500
Total Employee Benefits	471,529	448,794	396,470	346,010
Purchased Services	1,039,676	923,225	606,173	790,648
Supplies & Materials	10,402	7,066	3,843	10,864
Other Expenses	39,691	24,375	44,514	32,465
Total General Administration	2,248,922	2,045,989	1,639,534	1,731,407
School Administration				
Salaries:				
Professional	4,289,944	4,252,544	4,020,096	3,991,135
Non-professional	1,316,321	1,365,066	1,345,118	1,498,848
Total Salaries	5,606,265	5,617,610	5,365,214	5,489,983
Employee Benefits:				
Group Insurance	937,394	992,156	979,084	1,007,566
Social Security & Retirement	2,609,991	2,802,145	2,568,875	2,534,401
Other Employee Benefits	36,383	21,283	14,064	14,604
Total Employee Benefits	3,583,768	3,815,584	3,562,023	3,556,571
Purchased Services	94,671	62,377	91,819	69,412
Supplies & Materials	32,658	33,618	32,938	27,601
Other Expenses	2,575	2,000	-	2,002
Total School Administration	9,319,937	9,531,189	9,051,994	9,145,569
Business Services				
Salaries:				
Professional	756,772	791,625	628,535	648,485
Non-professional	159,862	40,502	99,796	84,891
Total Salaries	916,634	832,127	728,331	733,376
Employee Benefits:				
Group Insurance	158,486	105,211	106,734	138,382
Social Security & Retirement	401,140	418,308	358,552	343,959
Other Employee Benefits	14,950	10,199	10,175	5,152
Total Employee Benefits	574,576	533,718	475,461	487,493
Purchased Services	662,723	461,697	486,419	683,977
Supplies & Materials	24,881	7,615	4,689	9,881
Other Expenses	545,451	317,754	338,251	144,323
Total Business Services	2,724,265	2,152,911	2,033,151	2,059,050

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Operations & Maintenance				
Salaries:				
Professional	\$ 284,747	\$ 319,489	\$ 302,495	\$ 388,536
Non-professional	1,178,401	1,109,276	1,503,617	1,082,256
Total Salaries	1,463,148	1,428,765	1,806,112	1,470,792
Employee Benefits:				
Group Insurance	233,642	252,295	253,010	284,340
Social Security & Retirement	719,187	705,688	805,257	690,414
Other Employee Benefits	11,570	4,686	7,308	6,086
Total Employee Benefits	964,399	962,669	1,065,575	980,840
Purchased Services	10,550,176	8,601,703	7,490,089	7,439,574
Supplies & Materials	6,524,871	4,449,019	4,594,519	3,608,984
Other Expenses	5,256	3,375	1,440	3,164
Total Operations & Maintenance	19,507,850	15,445,531	14,957,735	13,503,354
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	34,048	33,865	26,906	14,002
Total Salaries	34,048	33,865	26,906	14,002
Employee Benefits:				
Group Insurance	6,974	6,893	6,745	1,337
Social Security & Retirement	17,704	17,740	13,907	6,999
Other Employee Benefits	250	250	-	-
Total Employee Benefits	24,928	24,883	20,652	8,336
Purchased Services	7,738,686	6,511,861	5,240,885	5,737,671
Supplies & Materials	735,257	701,537	259,709	360,170
Other Expenses	1,250	1,249	1,250	501
Total Transportation	8,534,169	7,273,395	5,549,402	6,120,680
Central Services				
Salaries:				
Professional	1,679,016	1,543,459	1,455,268	1,190,194
Non-professional	1,175,355	1,182,540	1,038,328	1,136,451
Total Salaries	2,854,371	2,725,999	2,493,596	2,326,645
Employee Benefits:				
Group Insurance	309,815	361,354	351,909	322,505
Social Security & Retirement	1,096,516	1,513,940	1,152,923	1,121,745
Other Employee Benefits	584,520	34,173	224,250	28,728
Total Employee Benefits	1,990,851	1,909,467	1,729,082	1,472,978
Purchased Services	2,851,514	2,294,561	1,772,547	1,988,080
Supplies & Materials	57,623	17,270	14,733	17,778
Other Expenses	61,137	83,130	71,902	24,904
Total Central Services	7,815,496	7,030,427	6,081,860	5,830,385

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

	Final Budget 2022- 23	Actual 2021- 22	Actual 2020- 21	Actual 2019- 20
Other Support				
Salaries:				
Professional	\$ 319,080	\$ 317,683	\$ 336,250	\$ 365,169
Non-professional	1,202,899	1,203,228	1,259,391	1,266,188
Total Salaries	<u>1,521,979</u>	<u>1,520,911</u>	<u>1,595,641</u>	<u>1,631,357</u>
Employee Benefits:				
Group Insurance	73,929	73,865	92,372	123,104
Social Security & Retirement	765,285	765,996	755,288	740,759
Other Employee Benefits	463	324	135	450
Total Employee Benefits	<u>839,677</u>	<u>840,185</u>	<u>847,795</u>	<u>864,313</u>
Purchased Services	339,346	301,794	236,529	198,964
Supplies & Materials	132,071	119,070	122,229	111,022
Other Expenses	71,374	60,907	39,369	43,591
Total Other Support	<u>2,904,447</u>	<u>2,842,867</u>	<u>2,841,563</u>	<u>2,849,247</u>
Community Services				
Salaries:				
Professional	445,319	268,252	350,896	444,365
Non-professional	2,094,364	950,913	713,937	1,172,408
Total Salaries	<u>2,539,683</u>	<u>1,219,165</u>	<u>1,064,833</u>	<u>1,616,773</u>
Employee Benefits:				
Group Insurance	220,424	171,892	170,292	163,657
Social Security & Retirement	796,832	588,621	460,976	736,063
Other Employee Benefits	1,821	1,751	1,535	1,884
Total Employee Benefits	<u>1,019,077</u>	<u>762,264</u>	<u>632,803</u>	<u>901,604</u>
Purchased Services	1,026,140	842,902	238,015	509,703
Supplies & Materials	321,182	54,261	7,131	71,816
Other Expenses	17,570	8,211	7,141	9,269
Total Community Services	<u>4,923,652</u>	<u>2,886,803</u>	<u>1,949,923</u>	<u>3,109,165</u>
Building improvements	282,680	39,753	242,819	4,000
Debt service	623,409	586,400	-	-
Capital Outlay	3,959,573	546,175	3,145,631	3,440,926
Other Financing Uses				
Transfers out	229,632	98,257	2,259,649	397,705
Total Other Financing Uses	<u>229,632</u>	<u>98,257</u>	<u>2,259,649</u>	<u>397,705</u>
Total Expenditures	<u>\$ 234,857,606</u>	<u>\$ 195,628,698</u>	<u>\$ 184,251,540</u>	<u>\$ 176,374,687</u>



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

	Forecast Budget 2026- 27	Forecast Budget 2025- 26	Forecast Budget 2024- 25	Budget 2023- 24
Instruction				
Salaries:				
Elementary	\$ 22,475,793	\$ 22,475,793	\$ 22,475,793	\$ 24,063,155
Middle School	10,996,815	10,710,526	10,433,998	10,890,099
High School	13,952,266	13,952,266	13,952,266	14,929,104
Other Basic Programs	745,886	745,886	745,886	745,886
Special Education	11,723,374	11,723,374	11,723,374	11,723,374
Other Added Needs	2,128,228	2,128,228	2,128,228	2,128,228
Adult Education	111,728	111,728	111,728	111,728
Total Salaries	62,134,090	61,847,801	61,571,273	64,591,574
Employee Benefits:				
Group Insurance	13,776,784	13,310,902	12,860,775	12,425,870
Social Security & Retirement	36,285,201	35,738,650	35,198,580	34,658,510
Other Employee Benefits	537,006	537,006	537,006	537,006
Total Employee Benefits	50,598,991	49,586,558	48,596,361	47,621,386
Purchased Services	4,445,721	4,401,704	4,358,123	4,272,670
Supplies & Materials	5,250,178	5,198,196	5,146,729	5,045,813
Other Expenses	4,431,406	4,427,466	4,423,526	4,419,586
Total Instruction	126,860,386	125,461,725	124,096,012	125,951,029
Student Services				
Salaries:				
Professional	9,887,040	9,887,040	9,887,040	10,578,967
Non-professional	638,834	638,834	638,834	679,536
Total Salaries	10,525,874	10,525,874	10,525,874	11,258,503
Employee Benefits:				
Group Insurance	2,141,624	2,069,202	1,999,229	1,931,622
Social Security & Retirement	5,386,642	5,386,642	5,386,642	5,386,642
Other Employee Benefits	100,762	100,762	100,762	100,762
Total Employee Benefits	7,629,028	7,556,606	7,486,633	7,419,026
Purchased Services	723,033	708,856	694,957	681,330
Supplies & Materials	39,881	39,099	38,332	37,580
Other Expenses	9,707	9,707	9,707	9,707
Total Student Services	18,927,523	18,840,142	18,755,503	19,406,146
Staff Services				
Salaries:				
Professional	4,872,088	4,872,088	4,872,088	4,872,088
Non-professional	343,169	343,169	343,169	343,169
Total Salaries	5,215,257	5,215,257	5,215,257	5,215,257
Employee Benefits:				
Group Insurance	963,532	930,949	899,468	869,051
Social Security & Retirement	2,583,526	2,583,526	2,583,526	2,583,526
Other Employee Benefits	53,401	53,401	53,401	53,401
Total Employee Benefits	3,600,459	3,567,876	3,536,395	3,505,978
Purchased Services	1,426,652	1,412,527	1,398,542	1,371,120
Supplies & Materials	312,187	309,096	306,036	303,006
Other Expenses	101,867	101,867	101,867	101,867
Total Staff Services	10,656,422	10,606,623	10,558,097	10,497,228

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
General Administration				
Salaries:				
Professional	\$ 480,776	\$ 480,776	\$ 480,776	\$ 480,776
Non-professional	206,848	206,848	206,848	206,848
Total Salaries	687,624	687,624	687,624	687,624
Employee Benefits:				
Group Insurance	113,492	109,654	105,946	102,363
Social Security & Retirement	329,740	329,740	329,740	329,740
Other Employee Benefits	42,407	42,407	42,407	42,407
Total Employee Benefits	485,639	481,801	478,093	474,510
Purchased Services	1,081,786	1,071,075	1,060,470	1,039,676
Supplies & Materials	10,823	10,716	10,610	10,402
Other Expenses	39,691	39,691	39,691	39,691
Total General Administration	2,305,563	2,290,907	2,276,488	2,251,903
School Administration				
Salaries:				
Professional	4,189,010	4,189,010	4,189,010	4,189,010
Non-professional	1,305,192	1,305,192	1,305,192	1,305,192
Total Salaries	5,494,202	5,494,202	5,494,202	5,494,202
Employee Benefits:				
Group Insurance	1,057,463	1,021,703	987,153	953,771
Social Security & Retirement	2,553,568	2,553,568	2,553,568	2,553,568
Other Employee Benefits	35,575	35,575	35,575	35,575
Total Employee Benefits	3,646,606	3,610,846	3,576,296	3,542,914
Purchased Services	106,897	105,839	104,791	102,736
Supplies & Materials	33,648	33,315	32,985	32,658
Other Expenses	2,575	2,575	2,575	2,575
Total School Administration	9,283,928	9,246,777	9,210,849	9,175,085
Business Services				
Salaries:				
Professional	756,771	756,771	756,771	756,771
Non-professional	159,862	159,862	159,862	159,862
Total Salaries	916,633	916,633	916,633	916,633
Employee Benefits:				
Group Insurance	177,407	171,408	165,612	160,012
Social Security & Retirement	401,140	401,140	401,140	401,140
Other Employee Benefits	14,950	14,950	14,950	14,950
Total Employee Benefits	593,497	587,498	581,702	576,102
Purchased Services	689,564	682,737	675,977	662,723
Supplies & Materials	25,889	25,633	25,379	24,881
Other Expenses	545,451	545,451	545,451	545,451
Total Business Services	2,771,034	2,757,952	2,745,142	2,725,790

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Operations & Maintenance				
Salaries:				
Professional	\$ 284,747	\$ 284,747	\$ 284,747	\$ 284,747
Non-professional	1,178,401	1,178,401	1,178,401	1,178,401
Total Salaries	1,463,148	1,463,148	1,463,148	1,463,148
Employee Benefits:				
Group Insurance	266,815	257,792	249,074	240,651
Social Security & Retirement	719,187	719,187	719,187	719,187
Other Employee Benefits	9,355	9,355	9,355	11,570
Total Employee Benefits	995,357	986,334	977,616	971,408
Purchased Services	11,306,310	10,955,034	10,610,646	10,266,258
Supplies & Materials	6,740,572	6,673,834	6,607,756	6,542,333
Other Expenses	5,256	5,256	5,256	5,256
Total Operations & Maintenance	20,510,643	20,083,606	19,664,422	19,248,403
Transportation Services				
Salaries:				
Professional	-	-	-	-
Non-professional	39,415	37,538	35,750	34,048
Total Salaries	39,415	37,538	35,750	34,048
Employee Benefits:				
Group Insurance	7,963	7,694	7,434	7,183
Social Security & Retirement	17,551	16,716	15,919	17,704
Other Employee Benefits	250	250	250	250
Total Employee Benefits	25,764	24,660	23,603	25,137
Purchased Services	8,583,959	8,340,654	8,104,506	7,868,358
Supplies & Materials	780,260	764,961	749,962	735,257
Other Expenses	1,250	1,250	1,250	1,250
Total Transportation	9,430,648	9,169,063	8,915,071	8,664,050
Central Services				
Salaries:				
Professional	1,679,016	1,679,016	1,679,016	1,679,016
Non-professional	1,132,942	1,132,942	1,132,942	1,132,942
Total Salaries	2,811,958	2,811,958	2,811,958	2,811,958
Employee Benefits:				
Group Insurance	353,702	341,741	330,185	319,019
Social Security & Retirement	1,096,516	1,096,516	1,096,516	1,096,516
Other Employee Benefits	539,607	539,607	539,607	539,607
Total Employee Benefits	1,989,825	1,977,864	1,966,308	1,955,142
Purchased Services	2,933,693	2,904,647	2,875,888	2,847,414
Supplies & Materials	59,957	59,363	58,775	57,623
Other Expenses	64,879	63,607	62,360	61,137
Total Central Services	7,860,312	7,817,439	7,775,289	7,733,274

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Other Support				
Salaries:				
Professional	\$ 317,080	\$ 317,080	\$ 317,080	\$ 317,080
Non-professional	<u>1,200,019</u>	<u>1,200,019</u>	<u>1,200,019</u>	<u>1,200,019</u>
Total Salaries	1,517,099	1,517,099	1,517,099	1,517,099
Employee Benefits:				
Group Insurance	84,425	81,570	78,812	76,147
Social Security & Retirement	762,758	762,758	762,758	762,758
Other Employee Benefits	<u>463</u>	<u>463</u>	<u>463</u>	<u>463</u>
Total Employee Benefits	847,646	844,791	842,033	839,368
Purchased Services	349,628	346,166	342,739	339,346
Supplies & Materials	136,073	134,726	133,392	132,071
Other Expenses	<u>71,374</u>	<u>71,374</u>	<u>71,374</u>	<u>71,374</u>
Total Other Support	2,921,820	2,914,156	2,906,637	2,899,258
Community Services				
Salaries:				
Professional	382,780	382,780	382,780	382,780
Non-professional	<u>615,031</u>	<u>615,031</u>	<u>615,031</u>	<u>615,031</u>
Total Salaries	997,811	997,811	997,811	997,811
Employee Benefits:				
Group Insurance	234,716	226,779	219,110	211,700
Social Security & Retirement	479,273	479,273	479,273	479,273
Other Employee Benefits	<u>1,525</u>	<u>1,525</u>	<u>1,525</u>	<u>1,525</u>
Total Employee Benefits	715,514	707,577	699,908	692,498
Purchased Services	747,709	740,306	732,976	725,719
Supplies & Materials	334,191	330,882	327,606	112,614
Other Expenses	<u>17,570</u>	<u>17,570</u>	<u>17,570</u>	<u>17,570</u>
Total Community Services	2,812,795	2,794,146	2,775,871	2,546,212
Building improvements	110,181	110,181	110,181	110,181
Debt service	-	618,574	617,192	615,753
Capital Outlay	1,000,000	1,000,000	1,000,000	1,643,067
Other Financing Uses				
Transfers out	-	-	-	209,632
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,632</u>
Total Expenditures	\$ <u>219,480,713</u>	\$ <u>217,740,749</u>	\$ <u>215,436,212</u>	\$ <u>213,677,011</u>

**Negative Trends**

The District's general fund forecast shows a negative trend in fund balance through June 30, 2027; primarily related to the purchase of a new administration building and costs related to the COVID-19 global health pandemic. The District also takes a conservative approach to budgeting and has not included additional state revenue that was likely to be approved for the 2023-24 school year. This includes a planned increase to special education funding, free meals for all students, and additional categorical funding. The District will make necessary adjustments to bring expenditures in line with revenues and student enrollment levels.

### Debt Retirement Fund

Public school districts may also propose millage levies for debt (to build buildings and/or additions, renovate facilities, purchase buses and/or technology and other equipment, purchase land, etc.). The district is authorized to levy any amount necessary to service debt. Debt levies are assessed on all classes of taxable property and may increase or decrease as taxable property values fluctuate. The District currently levies 1.76 mills (\$1.76 for every \$1,000 of taxable property) to fund the debt retirement on its bonded debt. Amortization schedules for bonded debt can be found in the informational section of this report. Bonded debt is comprised of the following issues:

\$108,725,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,150,000 to \$14,600,000 through May 2036; interest from 4.00% to 5.00%.	\$ 66,675,000
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\$56,025,000 2016 Building and Site Bonds, due in annual installments ranging from \$1,995,000 to \$3,680,000 through May 2039; interest from 3.00% to 3.125%.	47,590,000
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Total Bonds Payable	<u>\$ 114,265,000</u>
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The projected Debt Retirement Fund revenue assumes a 2% increase in property values in 2023-24 and is projected to increase at a nominal rate through 2026. The 2023-24 debt levy is 3.52 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 \$858,632,650. 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:

2023 Assessed value	<u>\$ 6,478,861,031</u>
Statutory bonding limit (15% of state equalized value)	971,829,155
Debt outstanding	\$ 114,265,000
Less: Amount available in debt service funds	1,068,495
Total debt applicable to debt limit	<u>113,196,505</u>
Legal debt margin	<u>\$ 858,632,650</u>

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

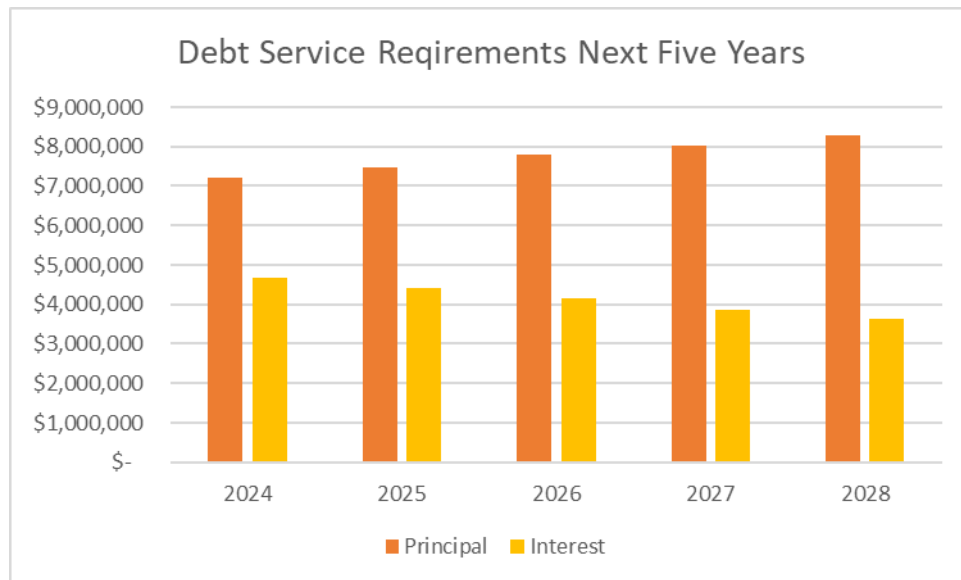
	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Revenues				
Local Sources				
Property Taxes	\$ 10,593,688	\$ 9,437,664	\$ 19,053,847	\$ 27,619,164
Interest on Investments	2,000	700	-	28,135
Total Revenues & Other Sources	10,595,688	9,438,364	19,053,847	27,647,299
Expenditures				
Principal	5,800,000	5,575,000	13,365,000	21,820,000
Interest and Fiscal Charges	4,926,519	5,162,269	5,789,219	6,781,374
Other	10,000	46,245	87,260	40,140
Total Expenditures & Other Uses	10,736,519	10,783,514	19,241,479	28,641,514
Excess (deficiency) of Revenues Over (Under) Expenditures	(140,831)	(1,345,150)	(187,632)	(994,215)
Fund Balance July 1	1,209,326	2,554,477	2,742,109	3,736,324
Fund Balance June 30	\$ 1,068,495	\$ 1,209,326	\$ 2,554,477	\$ 2,742,109

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

	Budget 2026-27	Budget 2025-26	Budget 2024-25	Budget 2023-24
Revenues				
Local Sources				
Property Taxes	\$ 10,911,094	\$ 10,018,812	\$ 10,831,118	\$ 11,402,795
Interest on Investments	5,456	5,009	5,416	1,500
Total Revenues & Other Sources	10,916,550	10,023,821	10,836,534	11,404,295
Expenditures				
Principal	6,960,000	6,655,000	6,350,000	6,075,000
Interest and Fiscal Charges	4,153,769	3,871,118	4,423,268	4,681,019
Other	20,000	20,000	20,000	20,000
Total Expenditures & Other Uses	11,133,769	10,546,118	10,793,268	10,776,019
Excess (deficiency) of Revenues Over (Under) Expenditures	(217,219)	(522,297)	43,266	628,276
Fund Balance July 1	1,217,740	1,740,037	1,696,771	1,068,495
Fund Balance June 30	\$ 1,000,521	\$ 1,217,740	\$ 1,740,037	\$ 1,696,771

### Debt Retirement Requirements

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



### Capital Projects Fund

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

The proceeds of \$185 million from the 2016 Building and Site Bonds will be used to fund capital projects through 2024. The District issued the first series of Building and Site Bonds in the spring of 2016. The amount of the first series totaled \$128 million. The second series of Building and Site bonds was issued in the spring of 2019 in the amount of \$57 million. The purchase of technology equipment, furniture, and flooring in 2023-24 will complete the bond-funded projects.

On November 5, 2019, the Rochester community approved a ten-year, 1.5 mill levy on all classes of property for the purpose of a sinking fund. Tax levies began with the 2020 summer tax collection. Proceeds from the fund will be used to repair and replace district critical district infrastructure. Planned 2023-24 projects include the replacement of heating/cooling mechanical equipment and the purchase of a generator and flooring.

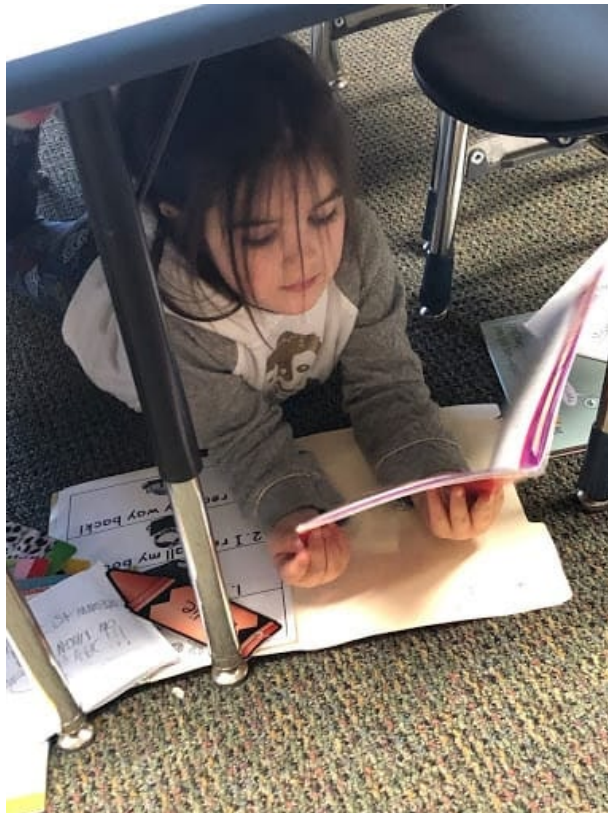
### Negative Trends

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

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

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,830,136	\$ 8,467,319	\$ 8,126,293	\$ -
Interest on Investments	218,812	23,403	13,038	888,978
Other Local Revenues	2,890	13,442	75,239	56,134
Total Revenues & Other Sources	9,051,838	8,504,164	8,214,570	945,112
Expenditures & Other Financing Uses:				
Site Improvements	1,476,619	1,288,112	18,292,943	6,614,038
Buildings and Additions	12,535,250	8,822,004	11,358,746	18,931,206
Furniture, Fixtures and Equipment	1,705,000	4,327,140	-	2,919,478
Other	266,679	645,002	131,258	1,423,428
Total Expenditures & Other Uses	15,983,548	15,082,258	29,782,947	32,052,327
Excess (deficiency) of Revenues Over (Under) Expenditures	(6,931,710)	(6,578,094)	(21,568,377)	(31,107,215)
Other Financing Sources (Uses)				
Installment Loan Proceeds	-	-	3,000,000	-
Transfers In	-	-	2,000,000	-
Total Other Financing Sources (Uses)	-	-	5,000,000	-
Fund Balance July 1	12,437,695	19,015,789	35,584,166	66,691,381
Fund Balance June 30	\$ 5,505,985	\$ 12,437,695	\$ 19,015,789	\$ 35,584,166





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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 10,062,983	\$ 9,865,670	\$ 9,672,225	\$ 9,482,574
Interest on Investments	25,719	17,306	9,070	4,200
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	10,088,702	9,882,976	9,681,295	9,486,774
Expenditures & Other Financing Uses:				
Site Improvements	805,039	789,254	773,778	1,095,697
Buildings and Additions	6,860,317	6,720,424	6,583,281	10,861,691
Furniture, Fixtures and Equipment	-	-	-	1,021,345
Other	704,409	690,597	677,056	200,030
Total Expenditures & Other Uses	8,369,765	8,200,275	8,034,115	13,178,763
Excess (deficiency) of Revenues Over (Under) Expenditures	1,718,937	1,682,701	1,647,180	(3,691,989)
Fund Balance July 1	5,143,877	3,461,176	1,813,996	5,505,985
Fund Balance June 30	<u>\$ 6,862,814</u>	<u>\$ 5,143,877</u>	<u>\$ 3,461,176</u>	<u>\$ 1,813,996</u>

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ 213,112	\$ 21,732	\$ 6,602	\$ 888,978
Other Local Revenues	2,890	13	75,239	56,134
Total Revenues & Other Sources	216,002	21,745	81,841	945,112
Site Improvements	950,000	578,834	17,427,188	6,614,038
Buildings and Additions	4,173,763	2,361,402	-	18,931,206
Furniture, Fixtures and Equipment	1,705,000	4,327,140	-	2,919,478
Buses	-	-	-	2,164,177
Other	166,679	25,591	-	1,423,428
Total Expenditures & Other Uses	6,995,442	7,292,967	17,427,188	32,052,327
Excess (deficiency) of Revenues Over (Under) Expenditures	(6,779,440)	(7,271,222)	(17,345,347)	(31,107,215)
Fund Balance July 1	10,967,597	18,238,819	35,584,166	66,691,381
Fund Balance June 30	<u>\$ 4,188,157</u>	<u>\$ 10,967,597</u>	<u>\$ 18,238,819</u>	<u>\$ 35,584,166</u>

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Forecast Budget 2023-24
Revenues & Other Financing Sources:				
Local Sources				
Interest on Investments	\$ -	\$ -	\$ -	\$ 2,500
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	-	-	-	2,500
Site Improvements	-	-	-	569,078
Buildings and Additions	-	-	-	2,500,204
Furniture, Fixtures and Equipment	-	-	-	1,021,345
Buses	-	-	-	-
Other	-	-	-	100,030
Total Expenditures & Other Uses	-	-	-	4,190,657
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	(4,188,157)
Fund Balance July 1	-	-	-	4,188,157
Fund Balance June 30	\$ -	\$ -	\$ -	\$ -

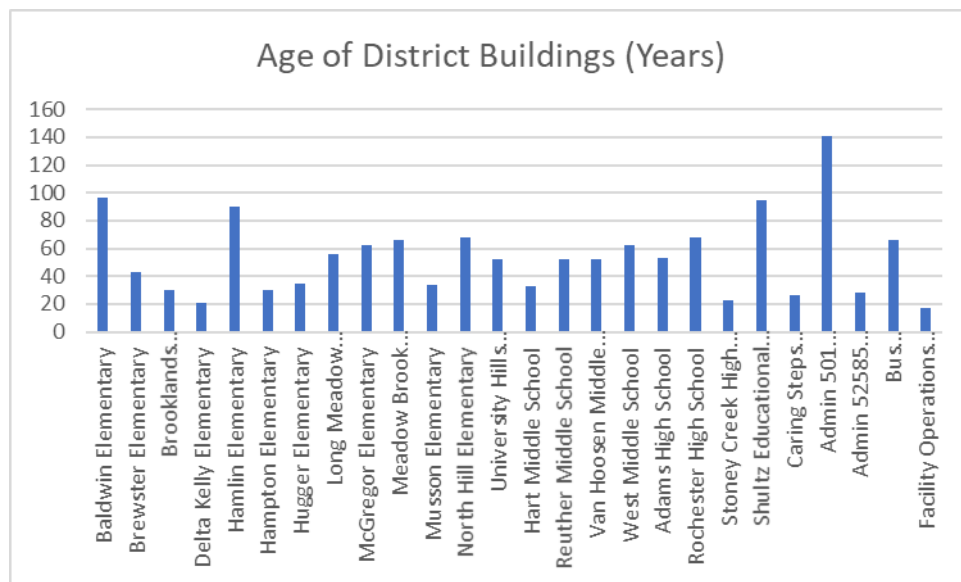
## Current Year Budget and Three Prior Years Actual – Capital Projects Sinking Fund

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 8,830,136	\$ 8,467,319	\$ 8,126,293	\$ -
Interest on Investments	5,700	1,671	6,436	-
Other Local Revenues	-	13,429	-	-
Total Revenues & Other Sources	8,835,836	8,482,419	8,132,729	-
Expenditures & Other Financing Uses:				
Site Improvements	526,619	709,278	865,755	-
Buildings and Additions	8,361,487	6,460,602	11,358,746	-
Other	100,000	619,411	131,258	-
Total Expenditures	8,988,106	7,789,291	12,355,759	-
Excess (deficiency) of Revenues Over (Under) Expenditures	(152,270)	693,128	(4,223,030)	-
Other Financing Sources (Uses)				
Transfers In	-	-	2,000,000	-
Installment Loan Proceeds	-	-	3,000,000	-
Total Other Financing Sources (Uses)	-	-	5,000,000	-
Fund Balance July 1	1,470,098	776,970	-	-
Fund Balance June 30	\$ 1,317,829	\$ 1,470,098	\$ 776,970	\$ -

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

	Budget 2026-27	Budget 2025-26	Budget 2024-25	Budget 2023-24
Revenues & Other Financing Sources:				
Local Sources				
Property Taxes	\$ 10,062,983	\$ 9,865,670	\$ 9,672,225	\$ 9,482,574
Interest on Investments	25,719	17,306	9,070	1,700
Other Local Revenues	-	-	-	-
Total Revenues & Other Sources	10,088,702	9,882,976	9,681,295	9,484,274
Expenditures & Other Financing Uses:				
Site Improvements	805,039	789,254	773,778	526,619
Buildings and Additions	6,860,317	6,720,424	6,583,281	8,361,487
Other	704,409	690,597	677,056	100,000
Total Expenditures	8,369,765	8,200,275	8,034,115	8,988,106
Excess (deficiency) of Revenues Over (Under) Expenditures	1,718,937	1,682,701	1,647,180	496,168
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Installment Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Fund Balance July 1	5,143,878	3,461,177	1,813,997	1,317,829
Fund Balance June 30	\$ 6,862,815	\$ 5,143,878	\$ 3,461,177	\$ 1,813,997

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 2022-23</u>	<u>Actual 2021-22</u>	<u>Actual 2020-21</u>	<u>Actual 2019-20</u>
Adams High School	\$ 4,345,636	\$ 1,950,007	\$ 1,633,113	\$ 639,730
Rochester High School	410,098	1,496,990	1,313,339	304,859
Stoney Creek High School	948,619	993,975	6,125,910	4,618,529
Schultz Educational Center	35,842	18,888	29,242	110,314
Hart Middle School	417,190	375,232	427,357	2,809,916
Reuther Middle School	283,867	388,153	1,404,472	550,996
Van Hoosen Middle School	210,392	27,936	1,948,456	732,914
West Middle School	90,866	603,423	140,535	39,960
Baldwin Elementary	1,415,310	656,255	337,117	20,278
Brewster Elementary	252,296	75,876	988,807	5,774,623
Brooklands Elementary	137,659	121,174	77,716	150,764
Delta Kelly Elementary	858,034	783,704	214,537	1,633,160
Hamlin Elementary	1,208,290	286,267	264,327	40,354
Hampton Elementary	150,023	144,198	121,088	292,172
Hugger Elementary	9,582	217,580	182,193	84,026
Long Meadow Elementary	1,045,197	1,208,683	172,426	158,242
McGregor Elementary	648,391	173,080	40,560	130,873
Meadow Brook Elementary	930,653	848,839	62,620	969,788
Musson Elementary	4,869	202,721	195,086	56,974
North Hill Elementary	23,163	13,281	74,939	1,785,616
University Hills Elementary	259,936	93,048	2,900,509	6,585,734
Caring Steps Children's Center	57,523	776,632	660,423	3,412
Administration Center/District	2,206,158	3,284,442	7,532,542	-
Facilities & Grounds	30,518	145,303	110,276	340,701
Transportation	3,436	196,571	2,825,358	4,218,392
Total	<u>\$ 15,983,548</u>	<u>\$ 15,082,258</u>	<u>\$ 29,782,948</u>	<u>\$ 32,052,327</u>

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

<u>Location</u>	<u>Forecast Budget 2026-27</u>	<u>Forecast Budget 2025-26</u>	<u>Forecast Budget 2024-25</u>	<u>Budget 2023-24</u>
Adams High School	\$ 60,000	\$ 2,140,000	\$ 60,000	\$ 2,200,177
Rochester High School	760,000	875,000	943,860	1,063,872
Stoney Creek High School	80,000	64,000	1,187,333	2,794,082
Schultz Educational Center	115,000	60,000	60,000	76,595
Hart Middle School	120,000	94,600	591,200	242,822
Reuther Middle School	110,000	321,300	96,200	266,485
Van Hoosen Middle School	64,000	355,700	72,200	715,691
West Middle School	2,983,383	194,893	766,200	198,341
Baldwin Elementary	225,769	72,769	422,500	976,915
Brewster Elementary	95,769	145,769	141,269	247,869
Brooklands Elementary	474,269	65,769	894,769	722,123
Delta Kelly Elementary	65,769	83,769	2,242,769	207,607
Hamlin Elementary	72,769	407,769	573,269	300,478
Hampton Elementary	65,769	803,769	140,269	782,508
Hugger Elementary	95,769	145,769	122,269	102,802
Long Meadow Elementary	1,369,769	314,769	543,769	177,075
McGregor Elementary	605,769	501,269	153,269	74,996
Meadow Brook Elementary	325,769	141,269	484,269	339,389
Musson Elementary	65,769	201,869	294,069	307,874
North Hill Elementary	305,769	735,269	142,269	97,531
University Hills Elementary	65,769	232,069	226,269	121,173
Caring Steps Children's Center	62,885	62,885	962,885	237,000
Administration Center/District	60,000	60,000	60,000	893,305
Facilities & Grounds	60,000	60,000	60,000	19,766
Transportation	60,000	60,000	60,000	12,288
Total	<u>\$ 8,369,765</u>	<u>\$ 8,200,275</u>	<u>\$ 11,300,906</u>	<u>\$ 13,178,764</u>

### Long-Range Capital Improvement Plan

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

roofs, parking lot surfaces, electrical and plumbing systems, flooring, and other finishes.

#### Special revenue Funds

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

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

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

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

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

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

The following schedules include consolidated actual and projected revenues and expenditures for the Special revenue Funds. The schedules include the new early learning program implemented at the beginning of the 2018-19

school year as well as the Student/School Activity Fund beginning with 2019-20.

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

	Final Budget 2022-23	2021-22	Actual 2020-21	2019-20
Revenues				
Local	\$ 3,334,964	\$ 3,204,112	\$ 1,310,221	\$ 2,443,090
Tuition	1,943,567	1,012,033	737,831	681,401
Food Sales	2,377,466	144,995	825	1,553,683
State	730,000	108,618	85,327	121,682
Federal	1,497,747	5,499,220	2,412,450	1,422,216
Total Revenues	9,883,744	9,968,978	4,546,654	6,222,072
Expenditures				
Instruction				
Basic Programs	165,306	152,885	140,568	251,923
Support Services				
Instructional Support	195,417	153,609	182,862	190,580
Business Services	4,950	-	-	-
Operations & Maintenance	234,581	200,083	175,639	169,528
Central Support	1,125	1,125	2,137	3,670
Support Services - Other	4,152,798	3,803,000	2,310,313	2,877,535
Building Improvements	607,395	53,163	480,663	522,251
Community Services	4,817,255	3,456,192	1,745,645	2,813,857
Total Expenditures	10,178,827	7,820,057	5,037,827	6,829,344
Other Financing Sources				
Interfund Transfers	94,632	98,257	259,649	397,705
	94,632	98,257	259,649	397,705
Excess (deficiency) of Revenues Over (Under) Expenditures	(200,451)	2,247,178	(231,524)	(209,567)
Fund Balance July 1	4,902,539	2,655,361	2,886,690	3,096,257
Fund Balance June 30	\$ 4,702,088	\$ 4,902,539	\$ 2,655,166	\$ 2,886,690

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Revenues				
Local	\$ 3,605,165	\$ 3,501,928	\$ 3,401,663	\$ 3,334,964
Tuition	2,200,659	2,116,018	2,034,633	1,860,224
Food Sales	2,597,922	2,522,254	2,448,790	2,377,466
State	73,000	73,000	73,000	73,000
Federal	1,422,216	1,422,216	1,422,216	1,497,746
Total Revenues	9,898,962	9,635,416	9,380,302	9,143,400
Expenditures				
Instruction				
Basic Programs	246,438	239,260	232,291	225,525
Support Services				
Instructional Support	198,179	190,557	186,820	189,972
Business Services	5,253	5,150	5,049	4,950
Operations & Maintenance	260,196	252,959	245,926	239,091
Central Support	2,652	2,550	2,500	1,100
Support Services - Other	4,406,982	4,320,571	4,235,854	4,152,798
Building Improvements	-	-	-	603,250
Community Services	5,121,660	4,974,166	4,830,933	4,678,798
Total Expenditures	10,241,360	9,985,213	9,739,373	10,095,484
Other Financing Sources				
Interfund Transfers	5,464	5,305	5,150	94,632
	5,464	5,305	5,150	94,632
Excess (deficiency) of Revenues Over (Under) Expenditures	(336,934)	(344,492)	(353,921)	(857,452)
Fund Balance July 1	3,146,223	3,490,715	3,844,636	4,702,088
Fund Balance June 30	\$ 2,809,289	\$ 3,146,223	\$ 3,490,715	\$ 3,844,636

### *Book Store Fund*

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20
Revenues				
Bookstore Sales	\$ 175,000	\$ 180,188	\$ 44,080	\$ 99,434
Total Revenue	175,000	180,188	44,080	99,434
Expenditures				
Support Services - Business	4,950	-	-	-
Community Services	154,962	145,762	62,302	103,766
Total Expenditures	159,912	145,762	62,302	103,766
Excess (deficiency) of Revenues Over (Under) Expenditures	15,088	34,426	(18,222)	(4,332)
Fund Balance July 1	92,980	58,554	76,776	81,108
Fund Balance June 30	\$ 108,068	\$ 92,980	\$ 58,554	\$ 76,776



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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Revenues				
Bookstore Sales	\$ 185,711	\$ 182,070	\$ 178,500	\$ 175,000
Total Revenue	185,711	182,070	178,500	175,000
Expenditures				
Support Services - Business	5,253	5,150	5,049	4,950
Community Services	176,425	172,967	169,575	154,962
Total Expenditures	181,678	178,117	174,624	159,912
Excess (deficiency) of Revenues Over (Under) Expenditures	4,033	3,953	3,876	15,088
Fund Balance July 1	130,985	127,032	123,156	108,068
Fund Balance June 30	\$ 135,018	\$ 130,985	\$ 127,032	\$ 123,156

### *Food Service Fund*

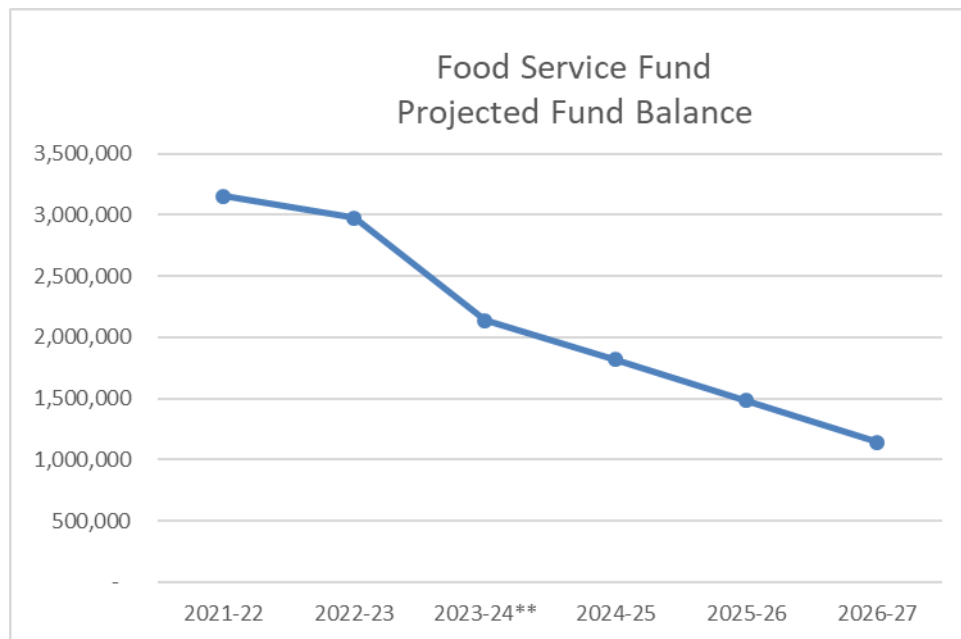
Food service revenue and non-staff expenditures are expected to increase at the rate of inflation. Net profits are used to maintain and improve food service operations.

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

	Final Budget 2022-23	Actual 2021-22	Actual 2020-21	Actual 2019-20*
Revenues				
Food Sales	\$ 2,377,466	\$ 144,995	\$ 825	\$ 1,553,683
Other Local Sources	-	-	-	-
State	730,000	108,618	85,327	121,682
Federal	1,497,747	5,499,220	2,412,450	1,422,216
Total Revenues	4,605,213	5,752,833	2,498,602	3,097,581
Expenditures				
Support Services				
Operations & Maintenance	33,832	2,993	-	1,824
Support Services - Other	4,152,798	3,803,000	2,310,313	2,877,535
Building Improvements	603,250	53,163	480,663	522,251
Total Expenditures	4,789,880	3,859,156	2,790,976	3,401,610
Other Financing Sources				
Proceeds from Sale of Assets	-	-	-	195
Interfund Transfers	5,000	2,180	5,354	4,822
Total Other Financing Sources	5,000	2,180	5,354	5,017
Excess (deficiency) of Revenues Over (Under) Expenditures	(179,667)	1,895,857	(287,020)	(299,012)
Fund Balance July 1	3,155,274	1,259,417	1,546,437	1,845,449
Fund Balance June 30	\$ 2,975,607	\$ 3,155,274	\$ 1,259,417	\$ 1,546,437

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24**
Revenues				
Food Sales	\$ 2,597,922	\$ 2,522,254	\$ 2,448,790	\$ 2,377,466
Other Local Sources	-	-	-	-
State	73,000	73,000	73,000	73,000
Federal	1,422,216	1,422,216	1,422,216	1,497,746
Total Revenues	4,093,138	4,017,470	3,944,006	3,948,213
Expenditures				
Support Services				
Operations & Maintenance	35,903	35,199	34,509	33,832
Support Services - Other	4,406,982	4,320,571	4,235,854	4,152,798
Building Improvements	-	-	-	603,250
Total Expenditures	4,442,885	4,355,770	4,270,363	4,789,880
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	(344,283)	(332,995)	(321,207)	(836,667)
Fund Balance July 1	1,484,738	1,817,733	2,138,940	2,975,607
Fund Balance June 30	\$ 1,140,455	\$ 1,484,738	\$ 1,817,733	\$ 2,138,940



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

District qualified to continue the SFSP through June 2022. The District transitioned back to a paid meals model for the 2022-23 school year with the expectation that this model will continue; however, discussions at the state level indicate a strong likelihood that free meals will return for all students.

### *Early Learning Center*

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

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

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

	Final Budget 2022-23	2021-22	Actual 2020-21	2019-20
Revenues				
Tuition	\$ 1,366,967	\$ 724,113	\$ 641,050	\$ 681,401
State	576,600	-	687	-
Federal	-	287,920	96,094	-
Total Revenues	<u>1,943,567</u>	<u>1,012,033</u>	<u>737,831</u>	<u>681,401</u>
Expenditures				
Instruction				
Basic Programs	165,306	152,885	140,568	251,923
Support Services				
Instructional Support	195,417	153,609	182,862	190,580
Operations & Maintenance	200,749	197,090	175,639	167,704
Central Support	1,125	1,125	2,137	3,670
Community Services	1,466,457	603,401	490,920	460,407
Building Improvement	4,145			
Total Expenditures	<u>2,033,199</u>	<u>1,108,110</u>	<u>992,126</u>	<u>1,074,284</u>
Other Financing Sources				
Interfund Transfers	<u>89,632</u>	<u>96,077</u>	<u>254,295</u>	<u>392,883</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance July 1	-	-	-	-
Fund Balance June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Revenues				
Tuition	\$ 2,200,659	\$ 2,116,018	\$ 2,034,633	\$ 1,860,224
State	-	-	-	-
Federal	-	-	-	-
Total Revenues	<u>2,200,659</u>	<u>2,116,018</u>	<u>2,034,633</u>	<u>1,860,224</u>
Expenditures				
Instruction				
Basic Programs	246,438	239,260	232,291	225,525
Support Services				
Instructional Support	198,179	190,557	186,820	189,972
Operations & Maintenance	224,293	217,760	211,417	205,259
Central Support	2,652	2,550	2,500	1,100
Community Services	1,486,963	1,443,653	1,401,605	1,328,000
Building Improvement				
Total Expenditures	<u>2,158,525</u>	<u>2,093,780</u>	<u>2,034,633</u>	<u>1,949,856</u>
Other Financing Sources				
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,632</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	42,134	22,238	-	-
Fund Balance July 1	22,238	-	-	-
Fund Balance June 30	<u>\$ 64,372</u>	<u>\$ 22,238</u>	<u>\$ -</u>	<u>\$ -</u>

### *Student/School Activity*

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

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

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

	Final Budget 2022-23	2021-22	Actual 2020-21	2019-20
Revenues				
Local	\$ 3,159,964	\$ 3,023,924	\$ 1,266,141	\$ 2,343,656
Total Revenues	3,159,964	3,023,924	1,266,141	2,343,656
Community Services	3,195,836	2,707,029	1,192,423	2,249,684
Total Expenditures	3,195,836	2,707,029	1,192,423	2,249,684
Excess (deficiency) of Revenues Over (Under) Expenditures	(35,872)	316,895	73,718	93,972
Fund Balance July 1	1,654,285	1,337,390	1,263,672	1,169,700
Fund Balance June 30	\$ 1,618,413	\$ 1,654,285	\$ 1,337,390	\$ 1,263,672

Prior Year actual data restated for comparison purposes only.

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

	Forecast Budget 2026-27	Forecast Budget 2025-26	Forecast Budget 2024-25	Budget 2023-24
Revenues				
Local	\$ 3,419,454	\$ 3,319,858	\$ 3,223,163	\$ 3,159,964
Total Revenues	3,419,454	3,319,858	3,223,163	3,159,964
Community Services	3,458,272	3,357,546	3,259,753	3,195,836
Total Expenditures	3,458,272	3,357,546	3,259,753	3,195,836
Excess (deficiency) of Revenues Over (Under) Expenditures	(38,818)	(37,688)	(36,590)	(35,872)
Fund Balance July 1	1,508,263	1,545,951	1,582,541	1,618,413
Fund Balance June 30	\$ 1,469,445	\$ 1,508,263	\$ 1,545,951	\$ 1,582,541

### 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 State of Michigan has provided additional categorical funding to help meet district goals. One new initiative for the 2023-24 school year is the addition of behavior interventionists at the elementary level and additional guidance counselors at the secondary level. The district estimates that these staffing costs will total roughly \$1.5 million each year. The District plans to utilize state categorical funding for the 2023-24 and 2024-25 school year.

The district is also utilizing two years of safety and security categorical funding to improve the physical security at all district school buildings. The District was allotted \$3.4 million. Current improvements include security bollards, improving camera coverage, window shades, window film, and the addition of security personnel at the middle school level. The district currently provides security personnel at all three high schools.

#### Post-employment Benefits

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

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

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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

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

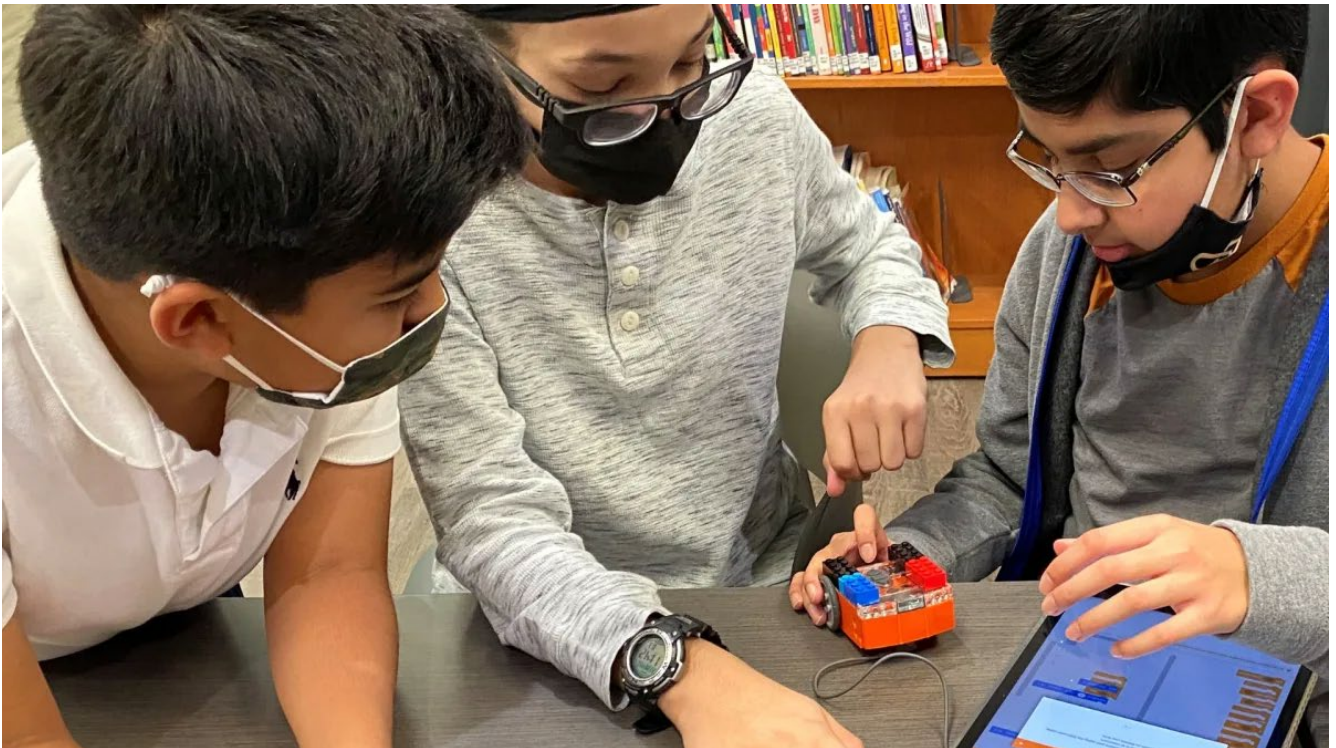
In addition to the state retirement system, the District established an Early Retirement Incentive plan payable for a limited time to a specific group of retiring employees. The liability for this plan totaled \$59,080 at June 30, 2023. Following is a schedule of the early retirement incentive liability:

Year Ended June 30,	Amount Due
2024	26,880
2025	16,600
2026	14,400
2027	1,200
	<u>\$ 59,080</u>

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# Rochester Community Schools Informational Section



## How Tax Rates Are Calculated

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

## Property Tax Values-Assessed and Estimated

			Real Property		Personal Property	
Fiscal Year			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2026-27	*	Non-homestead	\$ 1,295,206,954	\$ 2,590,413,908	\$ 132,162,060	\$ 264,324,120
		Homestead	5,151,158,317	10,302,316,634	132,162,060	264,324,120
		Total	6,446,365,271	12,892,730,542	264,324,120	528,648,240
2025-26	*	Non-homestead	\$ 1,269,810,739	\$ 2,539,621,478	\$ 129,570,647	\$ 259,141,294
		Homestead	5,050,155,213	10,100,310,426	129,570,647	259,141,294
		Total	6,319,965,952	12,639,931,904	259,141,294	518,282,588
2024-25	*	Non-homestead	\$ 1,244,912,489	\$ 2,489,824,978	\$ 127,030,046	\$ 254,060,092
		Homestead	4,951,132,562	9,902,265,124	127,030,046	254,060,092
		Total	6,196,045,051	12,392,090,102	254,060,092	508,120,184
2023-24	*	Non-homestead	\$ 1,220,502,440	\$ 2,441,004,880	\$ 124,539,261	\$ 249,078,522
		Homestead	4,854,051,531	9,708,103,062	124,539,261	249,078,522
		Total	6,074,553,971	12,149,107,942	249,078,522	498,157,044
2022-23	*	Non-homestead	\$ 1,196,571,020	\$ 2,393,142,040	\$ 122,097,315	\$ 244,194,630
		Homestead	4,758,874,050	9,517,748,100	-	-
		Total	5,955,445,070	11,910,890,140	122,097,315	244,194,630
2021-22	**	Non-homestead	\$ 1,098,973,082	\$ 2,197,946,164	\$ 119,703,250	\$ 239,406,500
		Homestead	4,519,574,065	9,039,148,130	-	-
		Total	5,618,547,147	11,237,094,294	119,703,250	239,406,500
2020-21	**	Non-homestead	\$ 1,090,209,450	\$ 2,180,418,900	\$ 84,024,446	\$ 168,048,892
		Homestead	4,335,814,339	8,671,628,678	-	-
		Total	5,426,023,789	10,852,047,578	84,024,446	168,048,892
2019-20	**	Non-homestead	\$ 1,112,235,888	\$ 2,224,471,776	\$ 83,944,077	\$ 167,888,154
		Homestead	4,142,389,196	8,284,778,392	-	-
		Total	5,254,625,084	10,509,250,168	83,944,077	167,888,154

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

\* Estimated assumes 2% annual growth

\*\*Source: Oakland County Equalization

## Property Tax Rates-Assessed and Estimated

	<u>Operating Mills*</u>	<u>Debt Mills</u>	<u>Sinking Fund**</u>	<u>Total Mills</u>
2023-24	18.0000	1.7600	1.4630	19.7600
2022-23	18.0000	1.7600	1.4630	19.7600
2021-22	18.0000	1.6400	1.4732	19.6400
2020-21	18.0000	3.4800	1.4874	21.4800
2019-20	18.0000	5.3000	-	23.3000

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

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

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

## Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
2023-24*	\$ 20,842,588	N/A	N/A	N/A	N/A	N/A
2022-23	20,760,164	20,390,887	98.22%	369,277	20,760,164	100.00%
2021-22	20,258,729	19,819,148	97.83%	439,581	20,258,729	100.00%
2020-21	19,693,536	18,825,789	95.59%	698,048	19,523,837	100.00%
2019-20	19,389,011	18,677,868	96.33%	736,560	19,414,428	100.00%

\* estimated

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

## Property Tax Impact on Homeowners-Assessed and Estimated

	2023-24	2022-23	2021-22	2020-21	2019-20
Median Market Value of a Home (1)	\$ 405,136	\$ 391,413	\$ 372,774	\$ 355,023	\$ 324,611
State Equalized Value (SEV) (2)	202,568	195,707	186,387	177,512	162,306
Taxable Value (3)	202,568	195,707	186,387	177,512	162,306
State Education Property Tax (4)	1,215	1,174	1,118	1,065	974
Debt Retirement (4)	328	328	274	278	860
Sinking Fund (4)	272	273	3,661	4,004	-
Property Tax Paid to Schools (4)	1,815	1,775	5,053	5,347	1,834
Increase(decrease) from prior year	40	(3,278)	(294)	3,513	303

(1) Median Housing Value in District

(2) SEV is 50% of market value

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

(4) Millage rates are as follows:

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

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

## Enrollment

Enrollment is important to the financial health of the District because state funding is based on a per-pupil formula. Prior to the onset of the COVID-19 global health pandemic, district enrollment had remained steady with growth of approximately 266 student FTE since the fall of 2013. Due to the COVID-19 pandemic, District enrollment declined by 420 students between the fall of 2019 and the following fall. Since then, District enrollment has remained flat and the District's most recent enrollment projection shows slightly declining enrollment through the fall of 2026.

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 2022, and projected enrollment through 2026 using the cohort survival method.



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

			Actual*		
	2017	2018	2019	2020	2021
Elementary Schools:					
Kindergarten	1,004	1,019	1,135	1,010	1,189
1st Grade	1,093	1,041	1,086	1,039	959
2nd Grade	1,039	1,118	1,091	1,032	1,051
3rd Grade	1,082	1,056	1,178	1,068	1,015
4th Grade	1,080	1,102	1,116	1,136	1,066
5th Grade	1,137	1,093	1,128	1,068	1,142
Total	6,435	6,429	6,733	6,353	6,422
Middle Schools:					
6th Grade	1,137	1,154	1,155	1,103	1,065
7th Grade	1,177	1,151	1,220	1,109	1,109
8th Grade	1,183	1,197	1,215	1,165	1,121
Total	3,497	3,502	3,590	3,377	3,295
High Schools:					
9th Grade	1,207	1,213	1,180	1,206	1,205
10th Grade	1,211	1,214	1,145	1,213	1,183
11th Grade	1,260	1,227	1,131	1,217	1,211
12th Grade	1,216	1,297	1,154	1,208	1,247
Total	4,894	4,951	4,611	4,844	4,846
Alternative Education	40	60	40	7	-
Special Education	437	437	437	411	422
Grand Total	15,303	15,379	15,412	14,992	14,985

\*Audited Pupil Membership

\*\*Third Party Projections

Global pandemic affected 2020 Count

Alternative Education included in 8-12 grade level counts in projections



	Actual*	Projected**			
	2022	2023	2024	2025	2026
Elementary Schools:					
Kindergarten	1,124	1,138	1,172	1,211	1,224
1st Grade	1,049	1,000	982	987	994
2nd Grade	992	1,076	1,015	996	1,000
3rd Grade	1,078	1,013	1,083	1,022	1,003
4th Grade	1,021	1,098	1,016	1,088	1,028
5th Grade	1,060	1,045	1,102	1,020	1,091
Total	6,324	6,370	6,370	6,324	6,340
Middle Schools:					
6th Grade	1,138	1,099	1,050	1,109	1,029
7th Grade	1,088	1,178	1,116	1,065	1,124
8th Grade	1,112	1,136	1,190	1,127	1,077
Total	3,338	3,413	3,356	3,301	3,230
High Schools:					
9th Grade	1,188	1,164	1,150	1,201	1,139
10th Grade	1,215	1,174	1,158	1,145	1,194
11th Grade	1,201	1,219	1,177	1,165	1,149
12th Grade	1,249	1,209	1,235	1,193	1,179
Total	4,853	4,766	4,720	4,704	4,661
Alternative Education	-	-	-	-	-
Special Education	440	440	440	440	440
Grand Total	14,955	14,989	14,886	14,769	14,671

\*Audited Pupil Membership

\*\*Third Party Projections

Alternative Education included in 8-12 grade level counts in projections

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

Building	Grade Level	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023
ACE/Schultz Ed Center	9-12	60	44	-	67	212
Adams High School	9-12	1,598	1,164	1,556	1,683	1,569
Rochester High School	9-12	1,702	1,284	1,702	1,802	1,748
Stoney Creek High Scho	9-12	1,611	1,172	1,599	1,659	1,556
Hart Middle School	6-8	1,112	1,479	1,064	1,066	1,031
Reuther Middle School	6-8	696	925	639	683	651
Van Hoosen Middle Schc	6-8	875	1,172	866	863	864
West Middle School	6-8	834	1,108	805	846	842
Baldwin Elementary	K-5	567	588	555	571	532
Brewster Elementary	K-5	404	405	383	372	397
Brooklands Elementary	K-5	499	521	509	490	598
Delta Kelly Elementary	K-5	609	631	620	649	631
Hamlin Elementary	K-5	427	460	454	413	449
Hampton Elementary	K-5	528	564	518	489	517
Hugger Elementary	K-5	541	550	501	506	519
Long Meadow Elementa	K-5	568	583	557	586	571
McGregor Elementary	K-5	438	436	448	456	450
Meadow Brook Element	K-5	431	454	403	375	395
Musson Elementary	K-5	506	490	487	511	526
North Hill Elementary	K-5	490	505	459	490	501
University Hills Elementa	K-5	447	441	449	408	396
Total		<u>14,943</u>	<u>14,976</u>	<u>14,574</u>	<u>14,985</u>	<u>14,955</u>

Source: District records

### Personnel Resources

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

#### Full-Time Equivalent (FTE)

Position	Actual*			
	2019-20	2020-21	2021-22	2022-23
Certified Staff	902	909	901	961
Administrators	33	36	34	36
Secretaries	92	80	81	73
Maintenance/Grounds/Technicians	37	32	29	35
Paraprofessionals	272	277	181	210
Executive Staff/Directors	11	12	11	13
Total FTE	<u>1,347</u>	<u>1,346</u>	<u>1,237</u>	<u>1,328</u>

\*Source: district records



Full-Time Equivalent (FTE)

Position	Projected**			
	2023-24	2024-25	2025-26	2026-27
Certified Staff	961	959	961	955
Administrators	36	36	36	36
Secretaries	77	77	77	77
Maintenance/Grounds/Technicians	29	30	30	30
Paraprofessionals	223	233	233	233
Executive Staff/Directors	21	21	21	21
Total FTE	1,347	1,356	1,358	1,352

\*\* Based on student enrollment projection

### Outstanding Bond Issues and Amortization

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

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

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

Debt Retirement Fund  
Detail Schedule of Bonded Indebtedness  
June 30, 2023

Debt Retirement Fund 2016 Building & Site	Date of Issue	Amount of Issue			
			Interest Rate	Date of Final Maturity	Amount of Annual Maturity
	2/16/2016	\$ 108,725,000			
					Fiscal Year Interest Requirements
					Total
				11/1/23	-
			5.00%	5/1/24	3,775,000
				11/1/24	-
			5.00%	5/1/25	3,950,000
				11/21/25	-
			5.00%	5/1/26	4,150,000
				11/1/26	-
			4.00%	5/1/27	4,375,000
				11/1/27	-
			4.00%	5/1/28	4,575,000
				11/1/28	-
			5.00%	5/1/29	4,825,000
				11/1/29	-
			5.00%	5/1/30	5,050,000
				11/1/30	-
			5.00%	5/1/31	5,300,000
				11/1/31	-
			5.00%	5/1/32	5,575,000
				11/1/32	-
			5.00%	5/1/33	5,850,000
				11/1/33	-
			5.00%	5/1/34	6,150,000
				11/1/34	-
			5.00%	5/1/35	6,450,000
				11/1/35	-
			5.00%	5/1/36	6,650,000
					\$ 70,250,000
					\$ 28,588,000
					\$ 98,838,000

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

Debt Retirement Fund  
Detail Schedule of Bonded Indebtedness  
June 30, 2023

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

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

### Performance Measures

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

### Graduation, Dropout, and Attendance Rates

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

	<u>2021-22*</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
4 Year Graduation Rate	96.97%	96.26%	96.75%	96.45%	96.81%
Attendance Rate	94.20%	98.03%	96.11%	95.82%	95.97%
Drop Out Rate	1.11%	0.90%	1.75%	1.74%	1.36%

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

\*Most current data available

### Free or Reduced Meal Rates

ROCHESTER COMMUNITY SCHOOLS FOOD SERVICE STATISTICS & TRENDS JUNE 30, 2023						
	2022-23	2021-22	2020-21	March 21, 2020 - June 30, 2020 2019-20*	July 1, 2019 - March 21, 2020 2019-20*	2018-19
School Lunch Program:						
Total Lunches Served	691,415	1,048,949	425,269	104,327	366,107	645,142
Free Lunches Served	136,262	1,048,949	425,042	104,327	79,273	148,564
% of Free Lunches Total	20%		100%	100%	22%	23%
Reduced Price Lunches Served	18,024	-	-	-	10,756	17,470
% of Reduced Lunches Total	3%	0%	0%	0%	3%	3%
Paid Lunches Served	537,129	-	-	-	276,078	479,108
% of Paid Lunches Total	78%	0%	0%	0%	75%	74%
Total Enrollment (October)	14,955	14,991	14,991	16,445	16,445	15,375
School Breakfast Program:						
Total Breakfasts Served	76,310	204,366	148,168	104,456	43,990	65,587
Free Breakfasts Served	36,297	204,366	148,168	104,456	28,082	41,996
% of Free Breakfasts Total	48%	100%	100%	100%	64%	64%
Reduced Price Breakfasts Served	4,838	-	-	-	2,813	3,553
% of Reduced Breakfasts Total	6%	0%	0%	0%	6%	5%
Paid Breakfasts Served	35,175	-	-	-	13,095	20,038
% of Paid Breakfasts Total	46%	0%	0%	0%	30%	31%

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 Summer Food Service Program grant.

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

\*Note: The Governor of the State of Michigan closed schools on March 16, 2020 in response to the global COVID-19 pandemic. The USDA granted a waiver to the District under the Summer Food Service Program grant which qualified the District to be reimbursed for meals prepared and distributed to children free of charge. All meals distributed after March 16, 2020 were provided through the USDA Summer Food Service Program grant.

### *Educator Effectiveness*

Educator Evaluations are based on State law. The component is comprised of two sections that are related to data reporting requirements for schools

and districts: Effectiveness Labels and Teacher Student Data Link (TSDL) completion. All of Michigan's public educators are evaluated using measures of student growth. State law requires that all educators have a reported effectiveness label; therefore, the Scorecard target for the reporting of Effectiveness Labels is 100%.

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

### Student Achievement

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

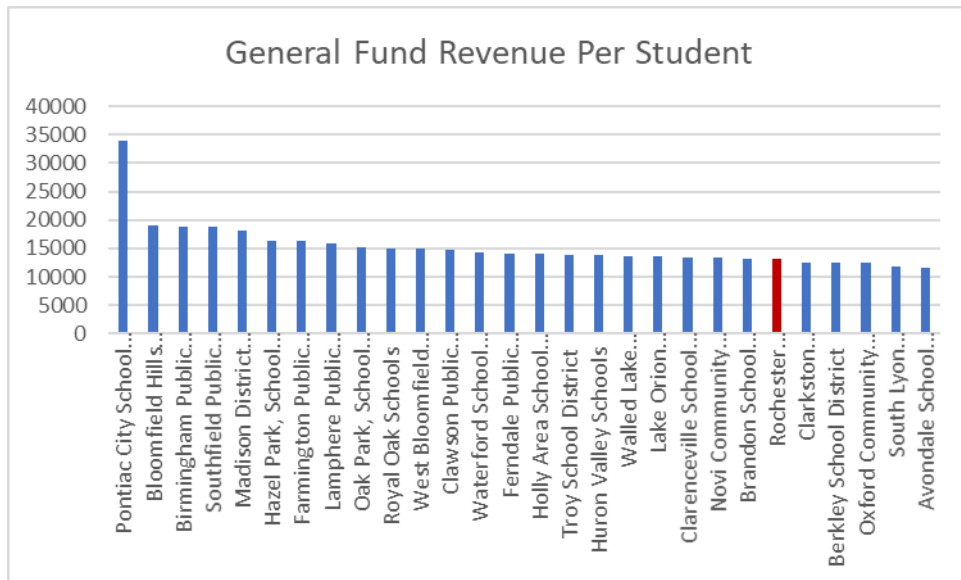
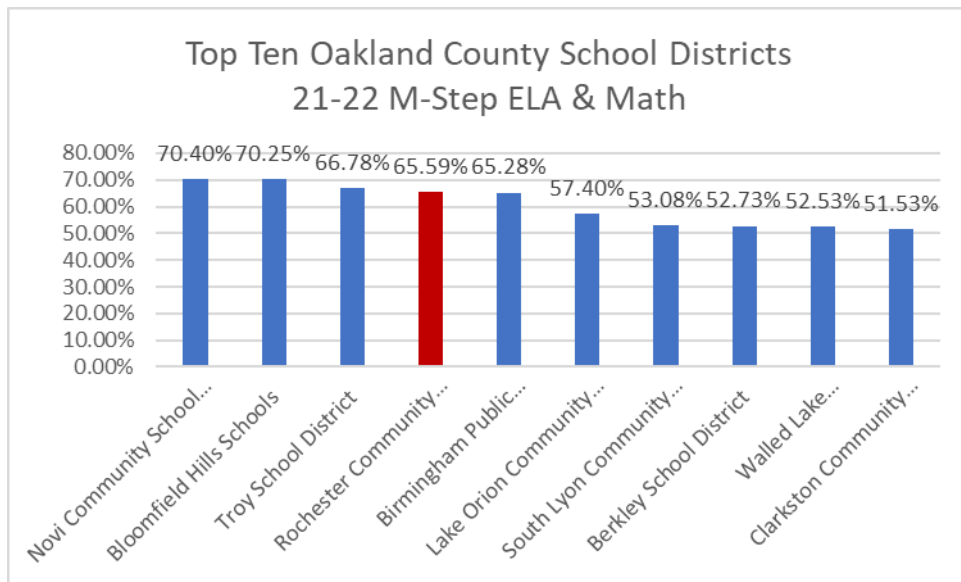
Students in grades 9 and 10 take the Preliminary Student Aptitude Test (PSAT) to measure student knowledge of ELA and mathematics, and to help prepare students for the Student Aptitude Test (SAT) college entrance exam. Every high school junior is given the SAT as part of the mandated Michigan Merit Examination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

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

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

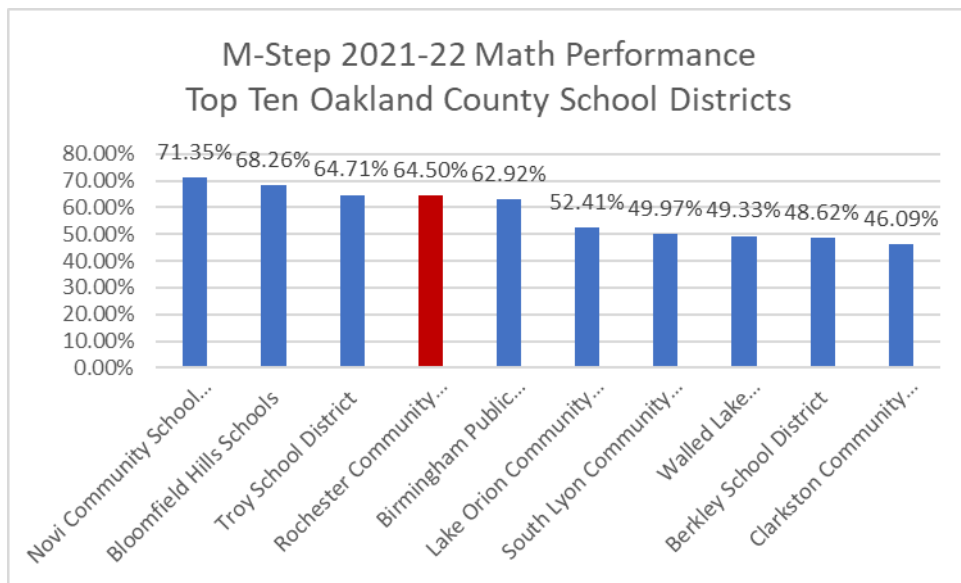
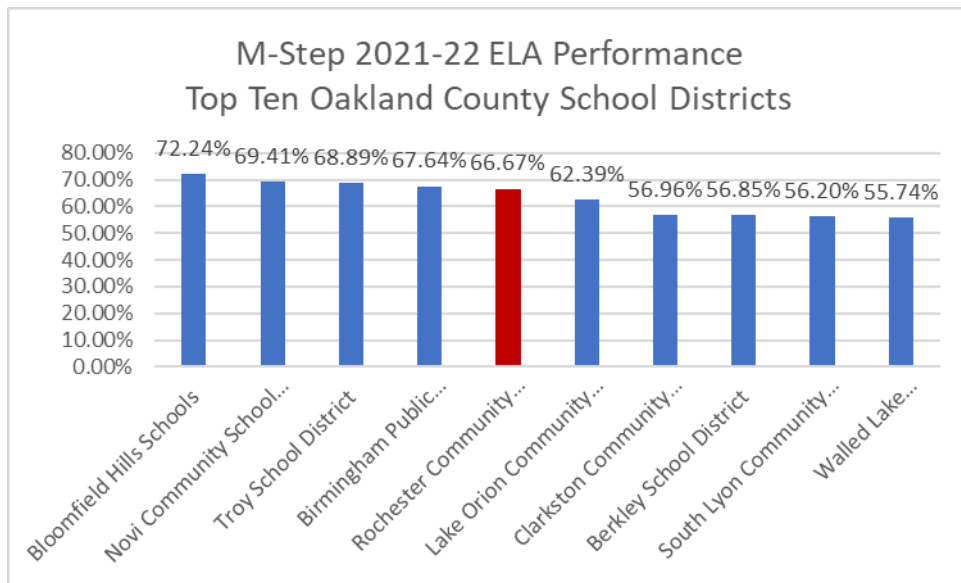
State assessments were not administered to students during the 2019-20 school year. In 2020-21, the state of Michigan required districts to offer students the opportunity to take the state assessments; however, remote-only students were not required to participate. As a result, 32% fewer Oakland County students participated compared to the 2018-19 school year. The proportion of students participating in 2020-21 was **not** evenly distributed across districts, buildings, report categories, or grade levels. In 2020-21, the District was the 4<sup>th</sup> highest achieving district out of 27 districts in Oakland County on M-Step performance, while ranking 21st in revenue per student.

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

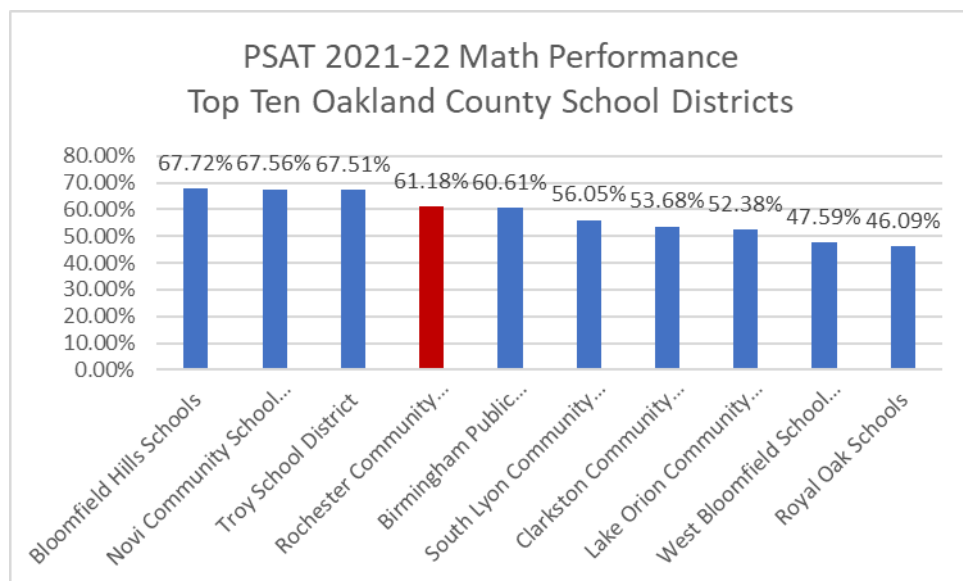
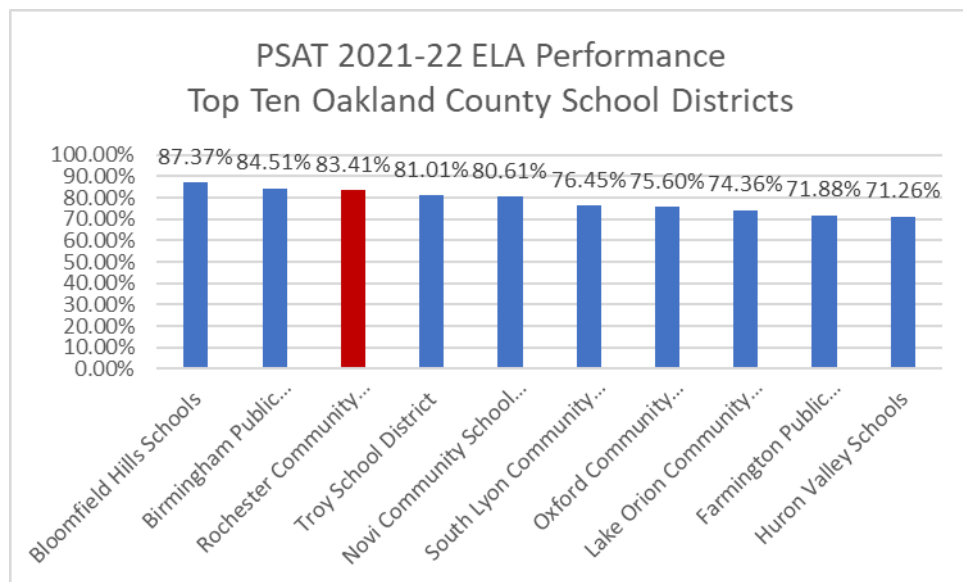


Source: MDE 2021-22 Bulletin 1014

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



The District ranked third out of 28 districts in PSAT ELA Performance, and fourth in PSAT Mathematics Performance as illustrated below:



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

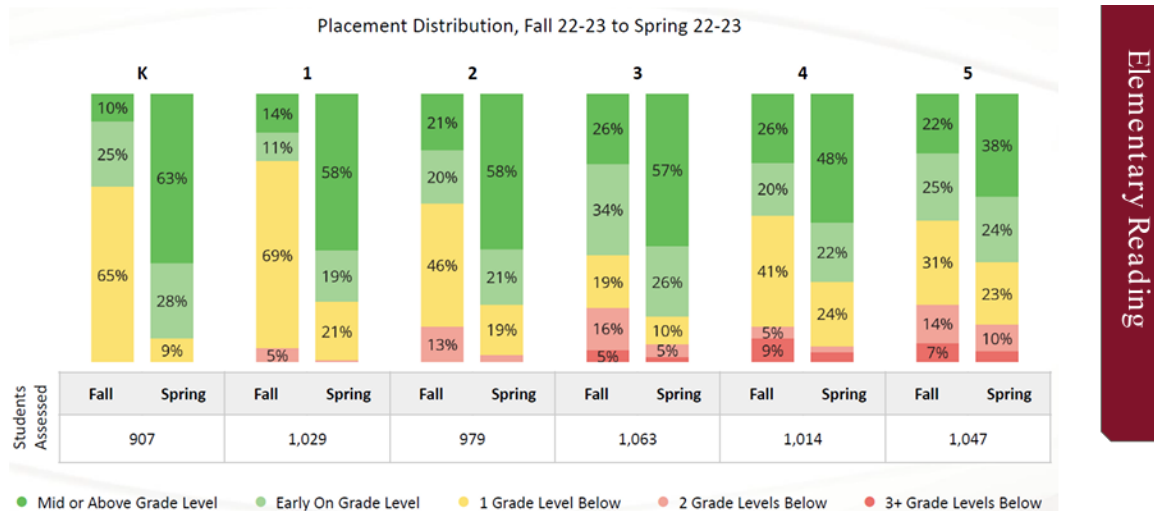
Michigan Public Act 306 (Read by Third Grade Law) was enacted in 2016. Simply stated, the law requires that in the spring of 2020, 3<sup>rd</sup> grade children not proficient on the state reading assessment should be retained.

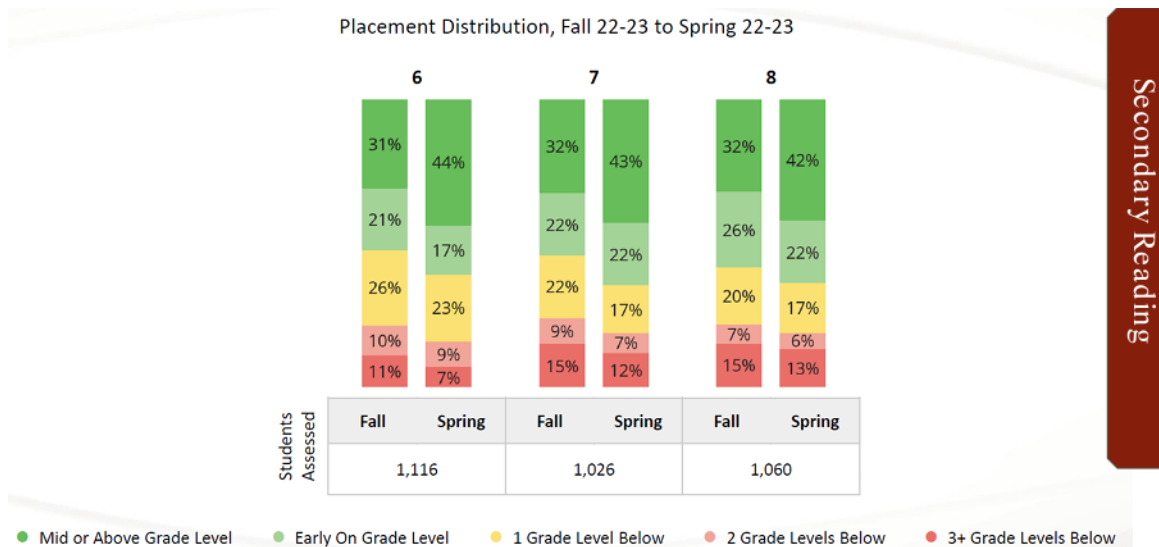


Rochester's i-Ready Benchmark & Diagnostic Assessments enable the district to conduct a deeper diagnostic with sub scores to achieve school improvement goals through a multi-tiered system of support to meet Michigan's Read by Third Grade law. The district began the benchmark and diagnostic assessments 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 2022 and spring 2022 comparison diagnostic results:





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

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

## Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **IDEA** - Individuals with Disabilities Education Act

**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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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